

# EXHIBIT C

**IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
VICTORIA DIVISION**

**EXCALIBUR RENTALS, INC AS  
SUCCESSOR BY MERGER TO  
EXCALIBUR RENTALS, INC. AND  
ELITE TOILET RENTALS, INC.**

**V.**

**ST. PAUL FIRE AND MARINE  
INSURANCE COMPANY**

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**CIVIL ACTION NO. 6:20-CV-00017**

**DEFENDANT'S NOTICE OF REMOVAL  
EXHIBIT C: COPIES OF PLEADINGS ASSERTING  
CAUSES OF ACTION AND ALL ANSWERS TO SUCH PLEADINGS**

TO THE HONORABLE UNITED STATES DISTRICT JUDGE:

COMES NOW, St. Paul Fire and Marine Insurance Company, the defendant in the above entitled and numbered cause, and files copies of all pleadings asserting causes of action and all answers to such pleadings as required by Local Rule 81.2.



## Notice of Service of Process

SLM / ALL  
Transmittal Number: 21181303  
Date Processed: 02/26/2020

**Primary Contact:** Pamela Beyer  
The Travelers Companies, Inc.  
385 Washington St  
# 9275-LC12L  
Saint Paul, MN 55102-1309

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<b>Entity:</b>	St. Paul Fire and Marine Insurance Company Entity ID Number 1722063
<b>Entity Served:</b>	St. Paul Fire and Marine Insurance Company
<b>Title of Action:</b>	Excalibur Rentals, Inc. as successor by merger to Excalibur - Rentals, Inc. vs. St. Paul Fire and Marine Insurance. Company
<b>Matter Name/ID:</b>	Excalibur Rentals, Inc. as successor by merger to Excalibur - Rentals, Inc. vs. St. Paul Fire and Marine Insurance. Company (10056290)
<b>Document(s) Type:</b>	Citation/Petition
<b>Nature of Action:</b>	Contract
<b>Court/Agency:</b>	Victoria County District Court, TX
<b>Case/Reference No:</b>	20=02-85498-B
<b>Jurisdiction Served:</b>	Texas
<b>Date Served on CSC:</b>	02/25/2020
<b>Answer or Appearance Due:</b>	10:00 A.M. on the Monday next following the expiration of Twenty days
<b>Originally Served On:</b>	CSC
<b>How Served:</b>	Certified Mail
<b>Sender Information:</b>	Will Sciba 361-575-0551

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Information contained on this transmittal form is for record keeping, notification and forwarding the attached document(s). It does not constitute a legal opinion. The recipient is responsible for interpreting the documents and taking appropriate action.

**To avoid potential delay, please do not send your response to CSC**

251 Little Falls Drive, Wilmington, Delaware 19808-1674 (888) 690-2882 | [sop@cscglobal.com](mailto:sop@cscglobal.com)

CLERK OF THE COURT  
Cathy Stuart  
115 N. Bridge, Room 330  
Victoria, Texas 77901

ATTORNEY REQUESTING ISSUANCE  
Will Sciba, III  
302 W. Forrest  
Victoria, Texas 77901

**THE STATE OF TEXAS  
CITATION**

NOTICE TO DEFENDANT: "You have been sued. You may employ an attorney. If you or your attorney do not file a written answer with the Clerk who issued this citation by 10:00 a.m. on the Monday next following the expiration of twenty days after you were served this citation and petition, a default judgment may be taken against you."

**TO: ST. PAUL FIRE AND MARINE INSURANCE COMPANY, MAY BE SERVED BY SERVING ITS DESIGNATED AGENT, CORPORATION SERVICE COMPANY, 2111 EAST 7TH STREET, SUITE 620, AUSTIN, TEXAS 78701-3218,**

You are commanded to appear by filing a written answer to the Plaintiff's Original Petition before 10 o'clock A.M. of the Monday next after the expiration of twenty days after the date of service hereof, before the Honorable 135th Judicial District Court of Victoria County, Texas, at the Courthouse of said County in Victoria, Texas.

Said Plaintiff's petition was filed in said Court, on the 14th day of February, 2020 in this case numbered **20-02-85498-B** on the docket of said court, and styled,

EXCALIBUR RENTALS INC  
VS.

ST. PAUL FIRE AND MARINE INSURANCE COMPANY

The nature of Plaintiff's demand is fully shown by a true and correct copy of Plaintiff's Original Petition accompanying this citation and made a part hereof.

The officer executing this writ shall promptly serve the same according to requirements of law, and the mandates thereof, and make due return as the law directs.

Issued and given under my hand and seal of said Court at Victoria, Texas, this the 20th day of February, 2020.



CATHY STUART  
District Clerk  
Victoria County, Texas

Signed: 2/20/2020 7:49:34 AM

By: *Cynthia Hernandez*  
Deputy

Rule 106: "--the citation shall be served by the officer delivering to each defendant, in person, a true copy of the citation with the date of delivery endorsed thereon and with a copy of the petition attached thereto."

Cause #20-02-85498-B

135th Judicial District Court

EXCALIBUR RENTALS INC VS. ST. PAUL FIRE AND MARINE INSURANCE COMPANY

**Address for service: ST. PAUL FIRE AND MARINE INSURANCE COMPANY, MAY BE SERVED BY SERVING ITS DESIGNATED AGENT, CORPORATION SERVICE COMPANY, 2111 EAST 7TH STREET, SUITE 620, AUSTIN, TEXAS 78701-3218**

## OFFICER'S OR AUTHORIZED PERSON'S RETURN

Came to hand on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ at \_\_\_\_\_ o'clock \_\_\_\_\_.M. and executed in \_\_\_\_\_ County, Texas by delivering to each of the within named defendants in person, a true copy of this citation with the date of delivery endorsed thereon, together with the accompanying copy of the petitioner's petition, the following times and places, to wit:

Name	Date	Time	Place, Course and Distance from Courthouse

And not executed as to the defendant(s) \_\_\_\_\_  
the diligence used in finding said defendant(s) being: \_\_\_\_\_  
and the cause of failure to execute this process is: \_\_\_\_\_  
can the information received as to the whereabouts of said defendant(s) being: \_\_\_\_\_

FEES - - Serving \$ \_\_\_\_\_, Sheriff  
\_\_\_\_\_, County, Texas  
By: \_\_\_\_\_ Deputy

COMPLETE IF YOU ARE A PERSON OTHER THAN A SHERIFF, CONSTABLE, OR CLERK OF THE COURT

In accordance with Rule 107: The officer or authorized person who serves, or attempts to serve, a citation shall sign the return. The signature is not required to be verified. If the return is signed by a person other than a sheriff, constable or the clerk of the court, the return shall be signed under penalty of perjury and contain the following statement:

"My name is \_\_\_\_\_ (First, Middle, Last), my date of birth is \_\_\_\_\_, and my address is \_\_\_\_\_ (Street, City, Zip).

I DECLARE UNDER PERJURY THAT THE FOREGOING IS TRUE AND CORRECT.

Executed in \_\_\_\_\_ County, State of \_\_\_\_\_, on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Declarant/Authorized Process Server

\_\_\_\_\_  
(ID # and Expiration of certification)

Filed 2/14/2020 2:48 PM  
 Cathy Stuart  
 District Clerk  
 Victoria County, Texas  
 By: Rhonda Stone

**20-02-85498-B**

**CAUSE NO.** \_\_\_\_\_

<b>EXCALIBUR RENTALS, INC. as</b>	§	<b>IN THE DISTRICT COURT OF</b>
<b>Successor by Merger to EXCALIBUR</b>	§	
<b>RENTALS, INC. and ELITE TOILET</b>	§	
<b>RENTALS, INC.</b>	§	
<b>Plaintiff,</b>	§	<b>VICTORIA COUNTY, TEXAS</b>
	§	
<b>v.</b>	§	
	§	
<b>ST. PAUL FIRE AND MARINE</b>	§	
<b>INSURANCE COMPANY</b>	§	<b>_____ JUDICIAL DISTRICT</b>
<b>Defendant</b>	§	

**PLAINTIFF'S ORIGINAL PETITION with**  
**REQUEST FOR MANDATORY DISCLOSURES**

Plaintiff EXCALIBUR RENTALS, INC. as Successor by Merger to EXCALIBUR RENTALS, INC. and ELITE TOILET RENTALS, INC. file this Original Petition complaining of Defendant St. Paul Fire and Marine Insurance Company.

**DISCOVERY CONTROL PLAN**

1. Plaintiff intends that discovery be conducted in accordance with a Level 3 discovery control plan. Tex. R. Civ. P. 190.4.

**PARTIES**

2. Plaintiff EXCALIBUR RENTALS, INC. successor by merger to EXCALIBUR RENTALS, INC. ("Excalibur") and ELITE TOILET RENTALS, INC. ("Elite") is a Texas corporation with its principal place of business in Victoria County, Texas.

3. Defendant St. Paul Fire and Marine Insurance Company is a foreign mutual insurance company licensed by the Texas Department of Insurance to engage in the business of insurance in the State of Texas. St. Paul Fire and Marine Insurance Company

may be served with citation by serving its designated agent for service, Corporation Service Company, 2111 East 7<sup>th</sup> Street, Suite 620, Austin, Texas 78701-3218.

**REQUEST FOR SUBSTITUTION OF TRUE NAME  
PURSUANT TO TEX. R. CIV. P. 28**

4. To the extent the above-named Defendant is conducting business pursuant to a trade name or assumed name, then suit is brought against them pursuant to the provisions of Rule 28 of the Texas Rules of Civil Procedure. Upon answering this suit, Defendant shall answer in their correct legal and assumed

**JURISDICTION AND VENUE**

5. The Court has subject-matter jurisdiction over this lawsuit because the amount in controversy is within the jurisdictional limits of this Court.

6. Venue is proper in Victoria County, Texas, because all or a substantial part of the events or omissions giving rise to the claims asserted herein occurred in Victoria County.

7. All conditions precedent to the filing of this action and to Plaintiff's right to recovery have occurred or have been performed.

**TRCP 47 STATEMENT**

8. Plaintiff seeks monetary relief over \$200,000 but not more than \$1,000,000.

**FACTUAL BACKGROUND**

9. The Defendant, St. Paul Fire and Marine Insurance Company, as insurer issued to the Plaintiff (both Elite and Excalibur were named insureds) Policy No. ZPP-12N97811-16-47, providing various coverages of insurance to Elite and Excalibur, for the period beginning on January 1, 2016 with an agreed expiration date of January 12, 2017

(the "Policy"). A true and correct copy of the Policy is attached hereto and incorporated herein by reference.

10. On February 16, 2016, a fire destroyed the building 16108 NW Zac Lentz Parkway, Victoria, Texas which was the insured location under the Policy and where both Excalibur and Elite, were tenants. As a result of that fire, which was an insured event under the Policy, various insured properties of the Plaintiff were destroyed, and the Plaintiff suffered various covered losses which were insured under the Policy by the Defendant.

11. The Plaintiff timely reported a claim under the Policy to St. Paul Fire and Marine Insurance Company for their damages. St. Paul Fire and Marine Insurance Company paid for some of the losses but has failed and refused to pay the Plaintiff's claim.

12. The Plaintiff sues the Defendant for breach of the Policy, a contract of insurance. St. Paul Fire and Marine Insurance Company had a contractual duty to pay the Plaintiff's claim for all items of loss covered under the Policy. St. Paul Fire and Marine Insurance Company breached its contractual obligations by failing to pay the Plaintiff's claim. St. Paul Fire and Marine Insurance Company's breach was the legal cause of damages to the Plaintiff, for which compensation is now sought.

13. Further, the delays by the Defendant and refusal to make payment was a violation of Texas Insurance Code Chapter 542.

14. It was necessary for the Plaintiff to retain the services of the undersigned counsel to pursue its claims herein. The Plaintiff seeks an award of its reasonable attorneys' fees, costs, and expenses as permitted under Chapter 38 of the Texas Civil Practice &



Remedies Code, or under Texas Insurance Code Section 542.001 et seq., as may be applicable.

**TRCP 193.7 NOTICE**

15. Plaintiff hereby gives actual notice to each party pursuant to Rule 193.7 of the Texas Rules of Civil Procedure that any and all documents produced during discovery may be used against the party, and may produce the document at any pre-trial proceeding and/or trial of this matter without the necessity of authenticating the document.

**REQUEST FOR MANDATORY DISCLOSURES**

Pursuant to Rule 194.2, you are requested to disclose, within fifty (50) days of service of this request, the information or material described in Rule 194.2. Documents produced pursuant to this request shall be produced within fifty (50) days at the Law Offices of Cole, Cole, Easley & Sciba, P.C., 302 West Forrest, Victoria, Texas 77901.

**RELIEF REQUESTED**

WHEREFORE, Plaintiff prays that upon trial and hearing, the Court enter judgment in Plaintiff's favor against Defendant St. Paul Fire and Marine Insurance Company on all of its claims stated herein, as follows:

- a. Actual damages for a sum within the jurisdictional limits of the Court;
- b. Prejudgment and post-judgment interest as provided by law;
- c. Attorney's fees;
- d. Costs of the suit; and
- e. Such other and further relief to which it may be justly entitled.

Respectfully submitted,

**COLE, COLE, EASLEY & SCIBA, P.C.**

302 W. Forrest

Victoria, Texas 77901

(361) 575-0551 - Telephone

(361) 575-0986 - Facsimile

*/s/ Will Sciba III*

By \_\_\_\_\_

WILL SCIBA, III

State Bar No. 00792824

[wsciba@colefirmservice.com](mailto:wsciba@colefirmservice.com)

ATTORNEYS FOR PLAINTIFF

Please be advised that the only valid e-mail address for service of all documents in all matters handled by attorney Will Sciba, III is: [wsciba@colefirmservice.com](mailto:wsciba@colefirmservice.com).

PLAINTIFF RESPECTFULLY REQUESTS A TRIAL BY JURY

**20-02-85498-B**

**EXHIBIT A to**

**PLAINTIFF'S ORIGINAL PETITION with**  
**REQUEST FOR MANDATORY DISCLOSURES**

## FEDERAL TERRORISM RISK INSURANCE ACT DISCLOSURE

The federal Terrorism Risk Insurance Act of 2002 as amended ("TRIA") establishes a program under which the Federal Government may partially reimburse "Insured Losses" (as defined in TRIA) caused by "Acts Of Terrorism" (as defined in TRIA). Act Of Terrorism is defined in Section 102(1) of TRIA to mean any act that is certified by the Secretary of the Treasury - in consultation with the Secretary of Homeland Security and the Attorney General of the United States - to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States Mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

The Federal Government's share of compensation for such Insured Losses is established by TRIA and is a percentage of the amount of such Insured Losses in excess of each Insurer's "Insurer Deductible" (as defined in TRIA), subject to the "Program Trigger" (as defined in TRIA). Through 2020, that percentage is established by TRIA as follows:

85% with respect to such Insured Losses	occurring in calendar year 2015.
84% with respect to such Insured Losses	occurring in calendar year 2016.
83% with respect to such Insured Losses	occurring in calendar year 2017.
82% with respect to such Insured Losses	occurring in calendar year 2018.
81% with respect to such Insured Losses	occurring in calendar year 2019.
80% with respect to such Insured Losses	occurring in calendar year 2020.

In no event, however, will the Federal Government be required to pay any portion of the amount of such Insured Losses occurring in a calendar year that in the aggregate exceeds \$100 billion, nor will any Insurer be required to pay any portion of such amount provided that such Insurer has met its Insurer Deductible. Therefore, if such Insured Losses occurring in a calendar year exceed \$100 billion in the aggregate, the amount of any payments by the Federal Government and any coverage provided by this policy for losses caused by Acts Of Terrorism may be reduced.

The certified acts of terrorism premium charge shown below is for coverage under this policy for Insured Losses covered by TRIA. This terrorism premium does not include any charge for the portion of such Insured Losses covered by the Federal Government under TRIA.

If \$0 is shown below for the certified acts of terrorism premium charge, this policy provides such terrorism coverage for no premium charge.

The certified acts of terrorism premium charge shown below applies to all coverage under this policy for Insured Losses covered by TRIA that you purchased for a premium charge. For any insuring agreement or coverage part for which you did not purchase such terrorism coverage, this policy may include one or more terrorism exclusions.

---

**Name of Insured:** EXCALIBUR RENTALS, INC. AND ELITE

**Policy Number:** ZPP-12N97811-16-47

**Effective Date:** 01/12/16

**Certified Acts Of Terrorism Premium Charge:** \$249.00

**Processing Date:** 02/05/16 11:41 001

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**POLICY INFORMATION****TRAVELERS** **THIS IS NOT A BILL.**

**YOUR POLICY IS DIRECTLY BILLED. IF THIS IS A POLICY CHANGE,  
THE ADDITIONAL OR RETURN PREMIUM WILL BE SHOWN ON  
FUTURE INSTALLMENT BILLINGS.**

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**Company:** ST. PAUL FIRE & MARINE INSURANCE COMPANY
 

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D** EXCALIBUR RENTALS, INC. AND ELITE  
TOILET CO. POZZI CORPORATION  
P.O. BOX 3941  
VICTORIA TX 77903

**Policy Inception/Effective Date:** 01/12/16
**Policy Number:**  
ZPP-12N97811-16-47
**Agency Number:** 6205286
**Transaction Type:**  
RENEWAL OF POLICY
**Transaction Number:** 001**Processing Date:** 02/05/16 11:41

**A  
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T** USI INS SERVICES LLC  
1616 SMITH RD BLDG D  
TEMPERANCE MI 48182

**Account Number:** 10102560HA

<b>Policy Number</b>	<b>Description</b>	<b>Amount</b>	<b>Surtax / Surcharge</b>
12N97811	SERIES 2000 POLICY	\$53,678.00	

THE PREMIUM SHOWN DOES NOT INCLUDE A PREMIUM PAYMENT PLAN SERVICE CHARGE.  
IF YOU SELECTED A PREMIUM PAYMENT PLAN YOUR PAYMENT SCHEDULE/BILL WILL SHOW THIS  
CHARGE.

THIS POLICY IS ON A TEN PAY PAYMENT PLAN.  
A PAYMENT SCHEDULE/BILL WILL FOLLOW SHORTLY.

**INSURED COPY**

**PROPERTY PROTECTION COVERAGE SUMMARY****TRAVELERS** 

This Coverage Summary describes each insured item and shows the limits and extent of coverage under your property protection.

**Description and location of covered property.****Item 001**

ONE STORY BUILDING OCCUPIED AS A RENTAL STORE  
 LOC 1 BLDG 1 - 2% WIND OR HAIL DED. APPLIES  
 16108 NW ZAC LENTZ PKWY.  
 VICTORIA, TX 77905

**Limit Of  
Coverage****Valuation****Building****Business Personal  
Property****\$50,000****RC**

Agreed Amount  
 Coinsurance 100%

**Business Income****Blanket Earnings And  
Expense****Deductibles Or Waiting Period**

Your coverage level deductible is shown under the coverage option messages.

**Other Coverages Or Options****BUSINESS PERSONAL PROPERTY - OPTIONS**

Deductible Endorsement applies.

Coverage Deductible is **\$500.**

**Name of Insured****Policy Number ZPP-12N97811-16-47****Effective Date 01/12/16****EXCALIBUR RENTALS, INC. AND ELITE****Processing Date 02/05/16 11:41 001**

42563 Rev. 4-06

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Coverage Summary  
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Agreed Amount applies.

Agreed Amount expiration date: 01/12/17.

**PROPERTY PROTECTION COVERAGE SUMMARY****Description and location of covered property.****Item 002**

ONE STORY BLDG OCCUPIED AS A RENTAL STORE  
 LOC 2 BLDG 1 - 2% WIND OR HAIL DED. APPLIES  
 331 WOOL RIDGE  
 CONROE, TX 77301

**Limit Of  
Coverage****Valuation****Building****Business Personal  
Property**

\$1,000

RC

Agreed Amount  
 Coinsurance 100%

**Business Income****Blanket Earnings And  
Expense****Deductibles Or Waiting Period**

Your coverage level deductible is shown under the coverage option messages.

**Other Coverages Or Options****BUSINESS PERSONAL PROPERTY - OPTIONS**

Deductible Endorsement applies.

Coverage Deductible is \$500.

<b>Name of Insured</b>	<b>Policy Number</b> ZPP-12N97811-16-47	<b>Effective Date</b> 01/12/16
EXCALIBUR RENTALS, INC. AND ELITE		<b>Processing Date</b> 02/05/16 11:41 001

42563 Rev. 4-06

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Agreed Amount applies.

Agreed Amount expiration date: 01/12/17.

**PROPERTY PROTECTION COVERAGE SUMMARY****Description and location of covered property.**

Item 003

BLANKET BLDG/BPP

**Limit Of  
Coverage****Valuation****BLANKET  
Building**

\$396,809

RC

Agreed Amount  
Coinsurance 100%**BLANKET  
Business Personal  
Property**Incl W Bldg  
Agreed Amount  
Coinsurance 100%

RC

**Business Income****Blanket Earnings And  
Expense****Deductibles Or Waiting Period**The Deductible Endorsement applies.  
Item Deductible is \$1,000.**Other Coverages Or Options****BLANKET OPTIONS**

Agreed Amount expiration date: 01/12/17.

<b>Name of Insured</b>	<b>Policy Number</b> ZPP-12N97811-16-47	<b>Effective Date</b> 01/12/16
EXCALIBUR RENTALS, INC. AND ELITE		<b>Processing Date</b> 02/05/16 11:41 001

**PROPERTY PROTECTION COVERAGE SUMMARY - CONTINUED****LOCATIONS INCLUDED IN BLANKET**

Item 003-001

109 HARRISON AVENUE  
 LOCATION 4 BUILDING 1 2% WIND OR HAIL DED. APPLIES  
 CHARLOTTE, TX 78011

BUILDING OPTIONS:

BUSINESS PERSONAL PROPERTY OPTIONS:

Item 003-002

109 HARRISON AVENUE  
 LOCATION 4 BUILDING 2 2% WIND OR HAIL DED. APPLIES  
 CHARLOTTE, TX 78011

BUILDING OPTIONS:

BUSINESS PERSONAL PROPERTY OPTIONS:

Item 003-003

109 HARRISON AVENUE  
 LOCATION 4 BUILDING 3 2% WIND OR HAIL DED. APPLIES  
 CHARLOTTE, TX 78011

BUILDING OPTIONS:

<b>Name of Insured</b>	<b>Policy Number</b> ZPP-12N97811-16-47	<b>Effective Date</b> 01/12/16
EXCALIBUR RENTALS, INC. AND ELITE		<b>Processing Date</b> 02/05/16 11:41 001

**PROPERTY PROTECTION COVERAGE SUMMARY****Description and location of covered property.****Item 004**

ONE STORY BUILDING OCCUPIED AS A RENTAL STORE  
 LOC 5 BLDG 1 - 2% WIND OR HAIL DED. APPLIES  
 5201 MEMORIAL DRIVE #326  
 HOUSTON, TX 77077

**Limit Of  
Coverage****Valuation****Building****Business Personal  
Property****\$25,000****RC**

Agreed Amount  
 Coinsurance 100%

**Business Income****Blanket Earnings And  
Expense****Deductibles Or Waiting Period**

Your coverage level deductible is shown under the coverage option messages.

**Other Coverages Or Options****BUSINESS PERSONAL PROPERTY - OPTIONS**

Deductible Endorsement applies.

Coverage Deductible is \$500.

**Name of Insured** EXCALIBUR RENTALS, INC. AND ELITE  
**Policy Number** ZPP-12N97811-16-47  
**Effective Date** 01/12/16  
**Processing Date** 02/05/16 11:41 001

Agreed Amount applies.

Agreed Amount expiration date: 01/12/17.

**PROPERTY PROTECTION ADDITIONAL BENEFITS  
COVERAGE SUMMARY**

This Coverage Summary shows the limits that apply to the Additional Benefits section of your agreement.

Refer to the insuring agreement for an explanation of coverage.

<b>Additional Benefit</b>	<b>Additional Benefit Limit</b>
Accounts Receivable	\$250,000
Computer Breakdown	\$25,000
Demolition And Increased Cost Of Construction - maximum per loss (subject to a maximum per building or improvement of 10% of value)	\$1,000,000
Extra Expense	\$50,000
Fine Arts	\$50,000
Fire Department Service Charge	\$50,000
Inventory And Appraisals	\$50,000
Money Or Securities	
• Inside limit	\$10,000
• Outside limit	\$5,000
Newly Acquired Property	
• Building limit	\$1,000,000
• Business Personal Property limit	\$1,000,000
Other People's Property	included w/BPP Limit
Outdoor Property	\$50,000
Personal Belongings	\$50,000
Pollutant Cleanup Or Removal	\$50,000
Property In Transit	\$25,000
Random Attack - Hacking Event Or Computer Virus	\$10,000
Sewer Backup Or Overflow	\$25,000
Temporary Location	\$50,000
Valuable Records Research	\$25,000

**Additional Benefit Notations**

<b>Name of Insured</b>	<b>Policy Number</b> ZPP-12N97811-16-47	<b>Effective Date</b> 01/12/16
EXCALIBUR RENTALS, INC. AND ELITE		<b>Processing Date</b> 02/05/16 11:41 001

**TRAVELERS PROPERTY PROTECTION**

We've designed this agreement to protect against a variety of property losses. There are exclusions, limitations, and terms with defined meanings throughout this agreement and they are explained in this agreement.

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Extra Expense

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### **What This Agreement Covers**

The description of property covered, the limit of coverage, and other terms and conditions are shown in the Coverage Summary.

### **Covered Causes Of Loss**

We'll protect covered property against risks of direct physical loss or damage except as indicated in the Exclusions - Losses We Won't Cover section.

### **Limits Of Coverage**

The limits that apply to each coverage are shown in the Coverage Summary. Unless otherwise specified, these limits are the most we'll pay under these coverages for any one loss event, regardless of the number of insureds, property owners, covered items, or financial interests that are involved, or how many claims are made.

If there is no limit shown for any particular coverage, then there is no coverage under this agreement for that coverage.

The limit of coverage can't be accumulated from year to year, no matter how long this policy is in effect, or how many premiums you pay.

Each additional benefit is subject to its own limit as shown in the Coverage Summary and explained in the Additional Benefits section.

### **Property Covered**

In the following sections, we explain what is included under the building and business personal property coverages. The Coverage Summary will indicate which coverages you've purchased.

### **Building Coverage**

We'll cover your financial interest in the covered building or structure at a covered location. While at the same location, we'll also cover:

- machinery and equipment that are a permanent part of that covered building or structure and are used in your business or to provide building services such as elevators and heating equipment;
- building fixtures, such as light fixtures;
- outdoor fixtures, such as lampposts, fences, flagpoles, and signs. But your building coverage doesn't apply to fences and signs that are not attached to a covered building or structure;
- property that you own and use to service or maintain that covered building or structure or its premises; and
- construction materials, supplies, equipment, temporary buildings, and temporary structures that you intend to use for alteration, repair, or expansion of a covered building. During construction, we'll cover these materials, supplies, equipment, temporary buildings, and temporary structures at the covered location or in the open within 1,000 feet of it.

**Covered location** means any of the following as specified in the Coverage Summary:

- Buildings, other structures, and grounds up to the property line at a described address.
- If you're a tenant in only part of a building, that part of a building you occupy up to the perimeter walls of your occupancy at a described address.



- New buildings as described in the newly acquired property additional benefit.

### **Business Personal Property Coverage**

We'll cover your business personal property while:

- in or on a building described in the Coverage Summary; or
- in the open or in vehicles in the open within 1,000 feet of a covered location when a limit is shown in the Coverage Summary for business personal property at such building.

**Business personal property** means:

- things you own or have a financial interest in such as stock, furniture, machinery, equipment, supplies, prototypes, valuable papers and records, computer hardware, software and data;
- all other personal property owned by you and used in your business;
- personal property used in your business that's leased from others when you are contractually required to insure such property;
- if you're a tenant, improvements to a building, the value of your right to use such improvements, and property, other than the building or structure, that you're contractually required to insure under your lease. However, for burglary damage to buildings that you're contractually required to insure, we'll cover such loss or damage as business personal property; and
- the value of materials, labor, and other services you've expended on other people's property.

For example:

*You run a TV repair shop. A customer's TV is destroyed in a fire at your shop. You have already worked on it and replaced several parts. You even had to go across town to get one part. We cover the value of your labor, the parts you replaced, and your expense in obtaining the part across town. But we won't cover the value of the customer's TV under business personal property coverage except for the coverage provided in the other people's property additional benefit.*

**Stock** means merchandise held in storage or for sale, raw materials, and in-process or

finished goods. It also includes supplies used in their packing or shipping.

**Finished goods** means your manufactured product when it's ready for packing, shipment, or sale. This doesn't include stock you've manufactured that's held for sale at any retail location covered under this agreement.

**Computer hardware** means a network capable of accepting information, processing it according to a plan, and producing the desired results. Computer hardware includes disk and tape drives, printers, video display terminals, modems, personal computers, and air conditioning equipment used exclusively in computer operations.

**Software** means programs that are either purchased or written on a custom basis, which are regularly used with a computer system.

**Data** means facts, concepts, or instructions converted to a form useable in computer operations.

**Improvement** means fixtures, alterations, installations, or additions:

- you make; or
- any prior tenant made to a building or structure you occupy but don't own that's at a covered location.

### **Property And Costs Covered Only If Described**

We won't cover the following property unless it's described in the Coverage Summary:

- Personal property of others in your care, custody, or control, except for the coverage provided in the other people's property additional benefit or property that meets the definition of business personal property.
- Household or personal effects in living quarters occupied by you, any of your relatives, officers, directors, stockholders, or partners, or relatives of your officers, directors, stockholders, or partners, except for the coverage provided in the personal belongings additional benefit.
- Self-propelled land vehicles not licensed for road use and used in your business outside a covered location.
- Outdoor trees, plants and shrubs, grown commercially or held for sale.
- Pilings, piers, docks, wharves, and bulkheads.

- Retaining walls that aren't part of a covered building.
- Outdoor fences or signs, that aren't attached to a covered building or structure, except for the coverage provided in the outdoor property additional benefit.
- Walks, roadways, and other paved surfaces.
- The cost of excavations, grading, backfilling, or filling.
- Foundations, including those for boilers, engines, and other machinery, that are below the basement floor, or below ground level if there is no basement.
- Underground tanks, flues, pipes or drains, and their contents.
- Watercraft, while not on water, including any motors, equipment, and accessories used with such watercraft.

#### **Property Covered For Limited Amounts – Theft**

The following property is covered for limited amounts for loss or damage by theft. These limits are not in addition to the limit of coverage for business personal property shown in the Coverage Summary.

**Fur.** The most we'll pay for loss of or damage to fur, fur garments, or garments trimmed with fur, in any one theft is \$5,000.

**Jewelry.** The most we'll pay for loss of or damage to jewelry, watches, watch movements, jewels, pearls, or precious or semi-precious stones, in any one theft is \$5,000. But this limitation doesn't apply to jewelry or watches valued at less than \$100 per item.

**Precious metals.** The most we'll pay for loss of or damage to precious metals, such as bullion, gold, silver, platinum, or other precious alloys or metals, in any one theft is \$10,000.

#### **Property Not Covered**

We won't cover the following property:

- Aircraft, satellites, and spacecraft.
- Live animals, birds, and fish.
- Contraband, or property in the course of illegal transportation or trade.
- Fine arts, except for the coverage provided in the fine arts additional benefit.
- Watercraft, while on water, including any motors, equipment, and accessories used with such watercraft.

- Lawns, land, land value, land restoration, and growing crops, other than trees, shrubs, or plants grown commercially and held for sale that are described in the Coverage Summary.
- Water, and water restoration.
- Money, lottery tickets, food stamps, securities, accounts, bills, notes, and other evidence of debt, except for those that qualify as valuable papers and records, and the coverage provided in the accounts receivable and money or securities additional benefits.
- Property you've sold on installment or other deferred payment basis after it's been delivered to the customer.
- Outdoor transmission, communication, and distribution lines outside a covered location.
- Outdoor trees, plants, and shrubs, not grown commercially or held for sale, except for the coverage provided in the outdoor property additional benefit.
- Self-propelled land vehicles and other vehicles licensed and designed for use on public roads, such as cars, trucks, and trailers.

#### **Additional Coverages**

All of the following additional coverages are included when either building or business personal property coverage has been purchased and is shown in the Coverage Summary. Unless otherwise indicated, these additional coverages are not in addition to the limits of coverage for building or business personal property shown in the Coverage Summary.

#### **Collapse**

We'll cover direct physical loss of or damage to covered property, except that described in the Property with limited collapse coverage section, caused by collapse when the collapse is caused by any of the following:

- Fire, smoke, lightning, wind, hail, explosion, vehicles, aircraft, vandalism, malicious mischief, civil disturbance, riot, sprinkler leakage, sinkhole collapse, or volcanic action.
- Building glass breakage, falling objects, weight of ice, weight of snow, or weight of sleet, or water damage.
- Decay that's hidden from view, unless the presence of such decay is known or

should have been known to an insured prior to collapse.

- Insect or vermin damage that's hidden from view, unless the presence of such damage is known or should have been known to an insured prior to collapse.
- Weight of people, weight of business personal property, or weight of other personal property.
- Weight of rain that collects on a roof.
- Use of defective material or methods in construction, remodeling, or renovation, if the collapse occurs before such work is completed.

**Property with limited collapse coverage.** Even if the following types of property:

- Fences, retaining walls;
- Outdoor swimming pools;
- Bulkheads, piers, wharves, docks, pilings;
- Beach or diving platforms and appurtenances;
- Walks, roadways, and other paved surfaces;
- Outdoor radio or television antennas and their lead in wiring, satellite dishes, masts or towers;
- Awnings, gutters, and downspouts;
- Yard fixtures;

qualify as covered property under this agreement, we'll only cover direct physical loss or damage to such property caused by collapse when the collapse is caused by:

- fire, smoke, lightning, wind, hail, explosion, vehicles, aircraft, vandalism, malicious mischief, civil disturbance, riot, sprinkler leakage, sinkhole collapse, volcanic action; or
- building glass breakage, falling objects, weight of ice, weight of snow, weight of sleet, or water damage.

**Collapse** means an abrupt falling down or caving in of a building or structure, or any part of a building or structure, with the result that the building, or part of the building or structure, cannot be occupied for its intended purpose.

We won't consider any of the following to be in a state of collapse:

- A building or structure, or any part of a building or structure, that's in danger of falling down or caving in.

- A part of a building or structure that's standing, even if it has separated from another part of the building or structure.
- A building or structure that's standing or any part of a building or structure that's standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage, or expansion.

**Sinkhole** means an underground empty space created by the action of water on limestone or dolomite.

**Sinkhole collapse** means the sudden sinking or collapse of land into a sinkhole.

We won't consider:

- the cost of filling sinkholes; or
  - sinking or collapse of land into manmade underground cavities
- to be sinkhole collapse.

**Volcanic action** means:

- airborne volcanic blast, airborne shock waves;
- ash, dust, or particulate matter; or
- lava flow

resulting from eruption, explosion, or effusion of a volcano.

Volcanic action does not include the cost to remove ash, dust, or particulate matter that does not cause direct physical loss or damage to covered property.

**Falling objects** doesn't include loss of or damage to:

- personal property in the open;
- the interior of a building, unless the roof or an outside wall of the building is first damaged by a falling object; or
- property inside a building unless the roof or an outside wall of the building is first damaged by a falling object.

**Water damage** means the accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance, other than a sump system, containing water or steam.

**System or appliance**, with respect to the defined term **water damage**, means an instrument or device and its related parts, designed and used for the purpose of plumbing, heating, air conditioning or

refrigeration. It doesn't include any part of a sump system or roofing system.

### Debris Removal

If your covered property sustains direct physical loss or damage caused by a covered cause of loss, we'll pay up to 25% of:

- the amount we paid for direct physical loss or damage; plus
- the amount of any applicable deductible for the cost of removing debris of such property. The cost of removing debris won't be included when we apply the coinsurance rule.

If debris removal costs exceed the 25%, or if the total amount of loss paid and debris removal costs combined exceed the limit of coverage that applies, we'll also pay up to an additional \$10,000 for debris removal per location in each loss event. For example:

*A fire causes a combined loss of \$50,000 to your building and business personal property. The combined limits of coverage for the damaged building and business personal property are \$100,000. The debris removal costs total \$15,000. Here's how we'll determine what we'll pay for the debris removal costs.*

*Paid loss of \$50,000 (loss of \$49,000 plus your \$1,000 deductible) x 25% = \$12,500, the debris removal limit for this loss. Since the debris removal costs of \$15,000 exceed the \$12,500 limit, we'll pay the remaining \$2,500 debris removal cost under the additional \$10,000 of debris removal coverage. In this example, we would pay the full \$15,000 of debris removal costs. However, if the debris removal cost had been \$30,000 we would only pay \$12,500 + \$10,000 for a total of \$22,500.*

A higher additional limit may be purchased. If so, the revised limit will be shown in the Coverage Summary.

We won't pay for any damaged property that must be removed only because of the enforcement of any ordinance, regulation, or law that requires you or anyone else to:

- test for, monitor, clean up, remove;
- contain, treat, detoxify, neutralize; or
- in any way respond to, or assess the effects of

pollutants, mold or other fungi, wet or dry rot, or bacteria.

We won't pay for the debris removal of property that is a pollutant and must be removed from water or land. Limited coverage for pollutant cleanup or removal is provided in the pollutant cleanup or removal additional benefit.

We'll only pay debris removal expenses that are reported to us in writing within 180 days of the date of direct physical loss or damage to covered property.

This additional coverage doesn't apply to outdoor property covered under the Outdoor Property additional benefit.

### Preservation Of Property

We'll pay for direct physical loss of or damage to covered property that results when you're forced to remove it from a covered location endangered by a covered cause of loss.

We'll cover such property while:

- being moved; or
- temporarily stored at another location, if the loss of or damage to the property occurs within 30 days from the date it is first moved.

But, regardless of the number of temporary locations at which such property is stored, we won't pay more than the limit of coverage that applies to that property at the covered location from which such property was removed.

No exclusions will apply to this additional coverage.

### Undamaged Portion Of The Building

If your covered building or improvement is damaged by a covered cause of loss, we'll pay for the loss in value of the undamaged portion of such covered building or improvement because of the enforcement of any ordinance or law in force at the time of the loss that:

- regulates the construction or repair of the damaged covered building or improvement;
- establishes zoning or land use requirements at a covered location; or



- requires the demolition of the undamaged parts of the covered building or improvement.

This additional coverage doesn't apply to any costs due to any ordinance, regulation, or law with which you were required to comply before the loss, even when the building or improvement was undamaged, and with which you did not comply.

The most we'll pay for any covered building or improvement, including covered damage and the loss in value of the undamaged portion of the building or improvement, is the least of the following.

- The amount you actually spend that's necessary to repair, rebuild or reconstruct the building or improvement.
- The amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original building or improvement.
- The limit of coverage that applies to the building or improvement.

We won't pay for any undamaged property that must be removed because of the enforcement of any ordinance, regulation, or law that requires you or anyone else to:

- test for, monitor, clean up, remove;
- contain, treat, detoxify, neutralize; or
- in any way respond to, or assess the effects of

pollutants, mold or other fungi, wet or dry rot, or bacteria. For example:

*A fire damages your building, including a section of the ceiling. The ceiling is made of tiles containing asbestos. Because of the asbestos, local law requires that you replace the ceiling completely even though only a portion of the ceiling was damaged. We'll pay the reasonable cost to repair or replace the tiles damaged by the fire. We won't pay to remove or replace the undamaged remainder of the ceiling when the only reason it must be removed or replaced is because the law requires it.*

### When We'll Cover

We'll cover loss or damage that begins during the policy period shown in the Introduction.

### Where We'll Cover

We'll cover property while in the coverage territory, unless otherwise specified elsewhere in this agreement.

**Coverage territory** means the United States, its territories and possessions, Canada, and Puerto Rico.

### Additional Benefits

All of the following additional benefits are in addition to the limits of coverage for building or business personal property. The limit of coverage for each additional benefit is shown in the Coverage Summary.

Unless otherwise specified, these limits are applicable at any covered location. Although applicable at any covered location, the indicated limit of coverage for any of these additional benefits is the most we'll pay for loss or damage that results from a single loss event such as a tornado or a hurricane, regardless of the type of property or number of locations involved.

These additional benefits do not extend to nor create a covered loss under any time element coverage attached to this insuring agreement by endorsement. Unless otherwise specified in the applicable additional benefit, time element coverage includes any of the following:

- Blanket earnings and expense.
- Business income and extra expense.
- Extra expense.
- Business income from dependent properties.
- Extra expense from dependent properties.
- Valued business income.

The coinsurance rule doesn't apply to these additional benefits.

### Accounts Receivable

If you've purchased business personal property coverage, we'll pay:

- amounts due from your customers that you're unable to collect;
- interest on any loan that's required to offset amounts you're unable to collect pending our payment of such amounts;
- reasonable collection expenses above your normal collection expenses; and

- other reasonable expenses you incur to reproduce your records of accounts receivable

that result from direct physical loss of or damage to your records of accounts receivable by a covered cause of loss.

But we won't pay more than the additional benefit limit for accounts receivable shown in the Coverage Summary.

### **Computer Breakdown**

If you've purchased business personal property coverage, we'll pay for direct physical loss of or damage to computer hardware, software, or data caused by a computer breakdown while such computer hardware, software, or data is in a building at a covered location.

*Computer breakdown* means any of the following that is unforeseen and happens suddenly:

- Artificially generated electrical current, including electrical arcing.
- Electrical injury, disturbance, or erasing.
- Magnetic injury, disturbance, or erasing.
- Mechanical breakdown or failure.
- Rupture caused by centrifugal force.

We won't consider:

- errors in systems programming;
- errors in instructions to a machine;
- random attack; or
- specific attack

to be a computer breakdown.

We won't pay more than the additional benefit limit for computer breakdown shown in the Coverage Summary.

If you've purchased time element coverage by endorsement, we'll consider computer breakdown to be a covered cause of loss for time element coverage.

### **Demolition And Increased Cost Of Construction**

If a building or improvement that's covered for replacement cost is damaged by a covered cause of loss, we'll pay:

- the costs necessary to demolish and clear the site of undamaged parts of such building or improvement; and
- the increased costs of construction

due to the enforcement of any ordinance, regulation, or law in force at the time of the loss that:

- regulates the construction or repair of the damaged building or improvement;
- establishes zoning or land use requirements at a covered location; or
- requires the demolition of the undamaged parts of the building or improvement.

But we won't pay more than the lesser of:

- the demolition and increased cost of construction additional benefit limit shown in the Coverage Summary; or
- 10% of the limit of coverage applicable to the damaged covered building or improvement.

If the damaged building or improvement is covered under a blanket limit of insurance that applies to more than one building or item of property, we won't pay more than the lesser of:

- the demolition and increased cost of construction additional benefit limit shown in the Coverage Summary; or
- 10% of the value of the damaged covered building or improvement as indicated in the most recent statement of values or schedule on file with us.

This additional benefit doesn't apply to any costs due to any ordinance, regulation, or law with which you were required to comply before the loss, even when the building or improvement was undamaged, and with which you did not comply.

We won't pay the costs associated with the enforcement of any ordinance, regulation, or law that requires you or anyone else to:

- test for, monitor, clean up;
- remove, contain, treat, detoxify, neutralize; or
- in any way respond to, or assess the effects of pollutants, mold or other fungi, wet or dry rot, or bacteria.

### **Extra Expense**

We'll pay for expenses over and above your normal operating costs, including expediting expense, that are necessary to maintain your normal business operations following direct physical loss of or damage to covered property by a covered cause of loss.

We'll pay such expense from the date of the direct physical loss of or damage to covered property for as long as it should reasonably take to rebuild, repair, or replace such property, regardless of when this agreement ends.

But we won't pay more than the additional benefit limit for extra expense shown in the Coverage Summary.

We won't consider loss of income, or the cost to repair, replace, or restore necessary papers, computer software, records, or other covered property to be an extra expense.

**Expediting expense** means the reasonable extra costs incurred for:

- the temporary repair; or
- expediting the permanent repair or replacement

of covered property that sustains direct physical loss or damage caused by a covered cause of loss.

#### **Fine Arts**

If you've purchased business personal property coverage, we'll pay for direct physical loss of or damage to:

- your fine arts; or
- the fine arts of others while in your care, custody, or control

by a covered cause of loss while such fine arts are in, on, or within 1,000 feet of a building at a covered location.

But we won't pay more than the additional benefit limit for fine arts shown in the Coverage Summary.

**Fine arts** means antiques and objects of art of every nature and description.

#### **Fire Department Service Charge**

When the fire department is called to protect your covered property from a covered cause of loss, we'll pay for fire department service charges you've agreed to pay by contract or agreement prior to such loss or as required by law.

But we won't pay more than the additional benefit limit for fire department service charge shown in the Coverage Summary. No deductible applies to this benefit.

#### **Inventory And Appraisals**

We'll pay for the reasonable cost of any inventory and appraisal that we require from you to determine the amount of direct physical loss of or damage to covered property.

But we won't pay more than the additional benefit limit for inventory and appraisals shown in the Coverage Summary.

This additional benefit doesn't apply to:

- costs incurred from an agent's or broker's employee or representative, a public adjuster, or a public adjuster's employee or representative; or
- costs related to the Appraisal Of A Covered Loss Amount In Dispute Under Property Or Other First Party Protection section in the General Rules.

#### **Money Or Securities**

If you've purchased business personal property coverage, we'll pay for loss of your money or securities that results directly from theft, disappearance, or destruction when such loss occurs:

- inside a covered location;
- inside a bank;
- outside a covered location en route to or from a bank; or
- inside the living quarters of any person in charge of such money or securities.

But we won't cover loss of your money or securities from or in any money operated device unless the amount of money deposited in it is recorded by a continuous recording instrument in such device.

We won't pay more than the additional benefit limits for money or securities shown in the Coverage Summary.

We'll consider an act or series of related acts that result in a covered loss of money or securities to be one loss event, regardless of how many people committed such act or series of related acts.

**Money** means:

- currency, coins and bank notes in current use and having a face value; and
- travelers checks, register checks, and money orders held for sale to the public.

**Securities** means negotiable and nonnegotiable instruments or contracts

representing either money or other property and includes:

- tokens, tickets, revenue and other stamps in current use, regardless of whether represented by actual stamps or unused value in a meter;
- evidences of debt issued in connection with credit or charge cards not issued by you; and
- checks that aren't travelers or register checks.

Securities doesn't include money.

**Bank** means the interior of that portion of any building occupied by a banking institution, trust company or similarly recognized place of safe deposit.

### Newly Acquired Property

We'll pay for direct physical loss of or damage to:

- new fixtures, alterations, or additions you add to a covered building;
- newly acquired buildings for use in your business;
- business personal property at a newly acquired building for use in your business; and
- newly acquired business personal property when such direct physical loss or damage is caused by a covered cause of loss to property acquired during the policy period.

But we won't pay more than the additional benefit limits for newly acquired property shown in the Coverage Summary.

These newly acquired property additional benefit limits don't apply to:

- stock; or
- business personal property at a fair or exhibition.

Insurance under this newly acquired property additional benefit will end when any of the following first occurs:

- This agreement is canceled or expires.
- 180 days pass after you acquire the new property, or begin installation or construction of new fixtures, alterations, or additions.
- You report the values of the newly acquired property to us.

We'll charge you additional premium from the day the property is acquired or installation or construction of new fixtures, alterations, or additions begins.

### Other People's Property

If you've purchased business personal property coverage, we'll pay for direct physical loss of or damage to personal property of others that's in your care, custody, or control when such property is in or on a building at a covered location and such loss or damage is caused by a covered cause of loss.

We'll also cover this property while in the open or in vehicles in the open within 1,000 feet of a covered location.

But we won't pay more than the additional benefit limit for other people's property shown in the Coverage Summary.

This additional benefit doesn't apply to property of your officers, partners, members, managers, or employees.

The Other Insurance rule doesn't apply to this additional benefit. Instead, we'll apply this additional benefit on a primary basis without regard to other valid or collectible insurance.

### Outdoor Property

We'll pay for direct physical loss of or damage to outdoor:

- trees, shrubs, plants; and
- fences or signs, that aren't attached to a covered building or structure

when such property is at a covered location and such loss or damage is caused by fire, lightning, explosion, vehicles, aircraft, civil disturbance, riot or vandalism.

But we won't pay more than the additional benefit limit for outdoor property shown in the Coverage Summary.

This additional benefit doesn't apply to trees, shrubs, or plants grown commercially or held for sale.

### Personal Belongings

If you've purchased business personal property coverage, we'll pay for direct physical loss of or damage to personal belongings owned by:



- you; or
- your officers, partners, members, managers, or employees

when such property is in or on a building at a covered location and such loss or damage is caused by a covered cause of loss.

We'll also cover this property while in the open or in vehicles in the open within 1,000 feet of a covered location.

The most we'll pay for loss of or damage to personal belongings owned by any one person is \$2,500. But we won't pay more than the additional benefit limit for personal belongings shown in the Coverage Summary.

The Other insurance rule doesn't apply to this additional benefit. Instead, we'll apply this additional benefit on a primary basis without regard to other valid or collectible insurance.

### **Pollutant Cleanup Or Removal**

We'll pay for the reasonable costs to clean up or remove any pollutant that is in the land or water at a covered location if the discharge, dispersal, escape, migration, release, or seepage of such pollutant is caused by direct physical loss or damage:

- caused by a covered cause of loss that occurs during the policy period;
- of or to covered property; and
- at a covered location.

However, we'll only pay under this additional benefit if such costs are reported to us in writing within 180 days of the date of that covered cause of loss.

But we won't pay more than the additional benefit limit for pollutant cleanup or removal shown in the Coverage Summary.

The additional benefit limit for pollutant cleanup or removal shown in the Coverage Summary is the most we'll pay in any one annual policy period regardless of the amount and type of property covered, the number of locations affected, or the number of losses that occur.

This additional benefit doesn't apply to the costs to test for, monitor, or assess the existence, concentration, or effects of pollutants. But we'll pay for testing which is performed in the course of removing pollutants from land or water, when such removal is covered under this additional benefit.

**Pollutant** means any solid, liquid, gaseous, or thermal irritant or contaminant, including:

- smoke, vapors, soot, fumes;
- acids, alkalis, chemicals; and
- waste.

**Waste** includes materials to be recycled, reconditioned, or reclaimed.

### **Property In Transit**

If you've purchased business personal property coverage, we'll pay for direct physical loss of or damage to:

- business personal property; or
  - personal property of others for which you've assumed responsibility
- when such loss or damage is caused by a covered cause of loss while in due course of transit.

This additional benefit only applies when such property is more than 1,000 feet away from a covered location and:

- in due course of transit within the coverage territory; or
- in due course of transit between points within the coverage territory.

But we won't pay more than the additional benefit limit for property in transit shown in the Coverage Summary.

This additional benefit doesn't apply to:

- theft from a transporting vehicle you own, lease, or operate unless the property is taken from a locked area of the transporting vehicle and there are visible signs of forced entry;
- property that is in the care of the U.S. Postal Service;
- property in the care of sales personnel, unless you've sold, repaired, or loaned for use such property, and your sales personnel is delivering it to your customer;
- property typically kept in transporting vehicles that are used to repair or maintain a covered building or structure; or
- property that's sent by any type of electronic transmission.

**Due course of transit** means the period of time:

- after covered property leaves its original location; and

- while covered property is in the exclusive custody and control of you, your employee, or any carrier until transit termination.

**Transit termination** means when any of the following first occurs:

- The transporting vehicle or other transporting device arrives at the final destination for the covered property.
- Covered property that's unloaded from any transporting vehicle has remained at any dock, depot, station, or terminal more than 30 days after its arrival.
- Covered property in or on any transporting vehicle has remained at any location for more than 72 hours after its arrival.
- A warehouse receipt is issued for covered property.

**Transporting vehicle** means any self-propelled land vehicle, including any trailer, regardless of whether connected to a tractor or another trailer.

**Carrier** means any:

- railroad company;
- private trucker;
- public trucker;
- motor transportation company, including connecting ferries, car floats, or lighters; or
- air freight company.

#### **Random Attack - Hacking Event Or Computer Virus**

We'll pay for direct physical loss of or damage to covered property caused by a random attack.

But we won't pay more than the additional benefit limit for random attack - hacking event or computer virus shown in the Coverage Summary.

**Random attack** means a widespread attack that's:

- by a hacking event or computer virus, directed against the software, data, computer systems or telecommunications systems of multiple persons or organizations if any of such persons or organizations aren't part of you; and
- intended for the purpose of fraud, nuisance, or malicious tampering or destruction.

**Hacking event** means an attack that allows unauthorized access or use of a computer or telecommunications system.

**Computer virus** means a piece of code that is maliciously or fraudulently introduced into a computer or telecommunications system. Once introduced, the virus may destroy, alter, contaminate, or degrade the integrity, quality, or performance of data or any computer applications software, computer network, or computer operating system and related software.

We won't consider a specific attack to be a random attack.

**Specific attack** means an intentional attack that's:

- by a hacking event or computer virus, directed solely at your software, data, or computer system, or telecommunications system; and
- intended for the purpose of fraud, nuisance, or malicious tampering or destruction.

**Telecommunications system** means telephone, fax, data, or computer transmission services.

#### **Sewer Backup Or Overflow**

We'll pay for direct physical loss of or damage to covered property caused by water, water-borne material, or sewage that backs up or overflows from a:

- sewer;
- drain; or
- sump, sump pump, sump pump system or a similar system or device designed to prevent overflow, seepage, discharge, or leakage of subsurface water, water-borne material, or sewage.

But we won't pay more than the additional benefit limit for sewer backup or overflow shown in the Coverage Summary.

#### **Temporary Location**

We'll pay for direct physical loss of or damage to covered property by a covered cause of loss while such property is:

- temporarily away from a covered location;
- in the coverage territory; and
- not in due course of transit.

But we won't pay more than the additional benefit limit for temporary location shown in the Coverage Summary.

Coverage will continue for up to 90 days after the covered property arrives at the temporary location.

This additional benefit doesn't apply to:

- samples owned by or in the care of sales personnel;
- other property owned by or in the care of sales personnel;
- property at fairs, exhibitions, or displays;
- property at a location you own, rent, lease, operate, or control;
- property you rent or lease to others;
- property in or on any vehicle; or
- property that's on someone else's premises for or during construction or installation.

#### **Valuable Records Research**

If you've purchased business personal property coverage, we'll pay for the cost of research and other reasonable expenses necessary to reproduce, replace, or restore valuable records, or the information contained in or on such records, when those records have suffered direct physical loss or damage by a covered cause of loss while at a covered location.

But we won't pay more than the additional benefit limit for valuable records research shown in the Coverage Summary.

**Valuable records** means inscribed, printed or written:

- documents, manuscripts, records;
- account books, card index systems; or
- deeds, maps, abstracts, or mortgages.

Valuable records includes films, tapes, and other such material in or on which specific information is stored. But it doesn't include computer software or data.

#### **Exclusions – Losses We Won't Cover**

When we use the word loss in this section we also mean damage.

**Acts or decisions.** We won't cover loss caused by or resulting from any act or decision or by the failure to act or decide,

of any person, group, organization, or unit of government.

If a loss not otherwise excluded results, we'll pay for that resulting loss.

**Boilers and equipment.** We won't cover loss caused by or resulting from:

- the explosion of a steam boiler, steam pipe, steam turbine, or steam engine that you own, operate, or lease; or
- a breakdown, other than an explosion to hot water boilers or any other equipment for heating water.

We also won't cover loss to a steam boiler, steam pipe, steam turbine, or steam engine that you own, operate, or lease when such loss is caused by or results from any condition or event within such equipment.

If fire or explosion results, we'll pay for that resulting loss. We'll also pay for loss caused by or resulting from the explosion of accumulated gas or unconsumed fuel in the firebox or combustion chamber of a fired furnace, or in the flues or passages leading from the firebox chamber.

However, this exclusion doesn't apply to the following:

- Accounts Receivable additional benefit.
- Fine Arts additional benefit.
- Valuable Records Research additional benefit.

**Building breach.** We won't cover loss to the interior of any covered building or structure or to personal property in any covered building or structure caused by or resulting from rain, snow, sleet, ice, sand, or dust, whether or not driven by wind unless:

- such rain, snow, sleet, ice, sand, or dust enters through an opening in a covered building or structure created by a covered cause of loss; or
- such loss is caused by or results from thawing of snow, sleet, or ice on a covered building or structure.

**Interior of any building or structure** means all portions of a building or structure that are within the exterior facing surface material of that building or structure.

**Collapse.** We won't cover loss caused by or resulting from collapse. We also won't cover loss caused by or resulting from the abrupt falling down or caving in of business

personal property or any portion of a covered building or structure.

But this exclusion doesn't apply to the Collapse additional coverage.

**Contamination.** We won't cover loss caused by or resulting from any kind of contamination of covered property.

Because contamination could involve pollutants, nuclear reaction, nuclear radiation, or radioactivity, this exclusion applies in addition to any pollution exclusion or nuclear activity exclusion that applies and is in or made part of this agreement.

If a loss not otherwise excluded results, we'll pay for that resulting loss.

But this exclusion doesn't apply to the following:

- Accounts Receivable additional benefit.
- Computer Breakdown additional benefit.
- Fine Arts additional benefit.
- Sewer Backup Or Overflow additional benefit.
- Valuable Records Research additional benefit.

**Defects or errors.** We won't cover loss caused by or resulting from:

- defects or errors in the materials, design, development, distribution, processing, manufacturing, workmanship, testing, installation, alteration, or repair of covered property;
- errors in systems programming; or
- errors in instructions to a machine.

If a loss not otherwise excluded results, we'll pay for that resulting loss.

But this exclusion doesn't apply to the following:

- Collapse additional coverage.
- Computer Breakdown additional benefit.

**Disappearance.** We won't cover loss of property that is missing where:

- the only evidence of the loss is a shortage disclosed on taking inventory; or
- there is no physical evidence to show what happened to the property.

However, this exclusion doesn't apply to the Money Or Securities additional benefit.

**Dishonest or criminal acts.** We won't cover loss resulting from theft, or any other dishonest or criminal act, committed by you, or any of your partners, members, managers, directors, officers, trustees, agents, or employees, regardless of whether such:

- person is acting alone or in collusion with others; or
- act is committed during the hours of employment.

Nor will we cover dishonest acts of anyone that you entrust with covered property other than a common carrier.

However, this exclusion doesn't apply to acts of destruction by your employees. We'll consider leased employees to be employees.

**Earth movement.** We won't cover loss caused directly or indirectly by any earth movement, whether natural or man-made, including the following:

- Earthquake, including any earth sinking, rising, or shifting related to such event.
- Landslide, including any earth sinking, rising, or shifting related to such event.
- Mine subsidence.
- Earth sinking, rising, or shifting, including soil conditions which cause settling, cracking, or other disarrangement of foundations or other parts of realty. Earth sinking doesn't include sinkhole collapse.
- Volcanic eruption, explosion, or effusion.

Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

However, we'll cover loss caused by sinkhole collapse. If earthquake, landslide, mine subsidence, or earth sinking, rising, or shifting results in fire or explosion, we'll pay for that resulting loss.

If volcanic eruption, explosion, or effusion results in fire, glass breakage, theft, or volcanic action, we'll pay for the loss or damage caused by that fire, glass breakage, theft, or volcanic action. But we won't pay the cost to remove ash, dust, or particulate matter that does not cause direct physical loss or damage to covered property. We won't consider covered property to have sustained direct physical loss or damage when the only evidence of such loss or damage is the mere presence of volcanic ash in, on, or near such property.



If more than one earth movement occurs within any 168-hour period, we'll consider this one event. This exclusion applies regardless of whether the loss event results in widespread damage or affects a substantial area.

**Earthquake** means earth movement due to seismic geologic activity that causes movement in the earth's crust.

**Mine subsidence** means subsidence of a man-made mine, whether or not mining activity has ceased.

**Soil conditions** includes contraction, expansion, freezing, thawing, erosion, improperly compacted soil, and the action of water under the ground surface.

**Electrical damage.** We won't cover loss to electrical equipment, including wiring, caused by or resulting from artificially generated electrical current, including electrical arcing.

If fire results, we'll pay for that resulting loss.

However, this exclusion doesn't apply to the following:

- Accounts Receivable additional benefit.
- Computer Breakdown additional benefit.
- Fine Arts additional benefit.
- Valuable Records Research additional benefit.

**Electronic recordings.** We won't cover loss to electronic recordings caused by or resulting from electrical or magnetic injury, disturbance, or erasing.

However, this exclusion doesn't apply to the following:

- Accounts Receivable additional benefit.
- Computer Breakdown additional benefit.
- Fine Arts additional benefit.
- Valuable Records Research additional benefit.

**Flood or surface water.** We won't cover loss caused directly or indirectly by any of the following, whether from natural or man-made sources.

- Flood.
- Mudslide or mudflow.
- Surface water.
- Water, water-borne material, or sewage that backs up, flows, overflows, leaks,

seeps, or discharges from a sewer or drain.

- Water, water-borne material, or sewage that backs up, flows, overflows, leaks, seeps, or discharges from a sump, sump pump, sump pump system, or a similar device designed to prevent overflow, seepage, discharge, or leakage of subsurface water, water-borne material, or sewage.
- Underground water, water-borne material, or sewage that exerts pressure on, flows, or seeps through a foundation, wall, basement, floor, door, window, or other opening, sidewalk, driveway, or other paved surface.

Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

If fire, explosion, or sprinkler leakage results, we'll pay for that resulting loss.

This exclusion applies regardless of whether the loss event results in widespread damage or affects a substantial area.

**Flood** means:

- waves, tides, or tidal waves;
- the rising of bodies of water and streams;
- the overflowing or breaking of boundaries of water or streams; or
- spray from any such type of water, regardless of whether driven by wind.

**Surface water** means water that accumulates or flows on the surface of the ground, as that created by natural causes such as rain, melted snow, or rising springs, but which follows no defined watercourse and does not gather into or form a natural body of water.

But this exclusion doesn't apply to the Sewer Backup Or Overflow additional benefit.

**Governmental action.** We won't cover loss caused directly or indirectly by:

- seizure or confiscation of property by any government or public authority; or
- destruction of property under quarantine or customs regulation.

Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

But this exclusion won't apply to property destroyed by a civil authority in order to stop the actual spread of fire when such fire is otherwise covered by this agreement.

This exclusion applies regardless of whether the loss event results in widespread damage or affects a substantial area.

**Indirect loss.** We won't cover loss caused by or resulting from:

- delay;
- loss of market;
- loss of use; or
- any indirect loss.

**Mechanical breakdown.** We won't cover loss caused by or resulting from:

- mechanical breakdown or failure; or
- rupture or bursting caused by centrifugal force.

If loss from fire, smoke, lightning, wind, hail, explosion, vehicles, aircraft, vandalism, malicious mischief, civil disturbance, riot, sprinkler leakage, sinkhole collapse, volcanic action, building glass breakage, falling objects, weight of ice, weight of snow, weight of sleet, or water damage results, we'll pay for that resulting loss.

However, this exclusion doesn't apply to the following:

- Accounts Receivable additional benefit.
- Computer Breakdown additional benefit.
- Fine Arts additional benefit.
- Valuable Records Research additional benefit.

**Nuclear activity.** We won't cover loss caused directly or indirectly by nuclear reaction, nuclear radiation, or radioactive contamination. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. If fire results, we'll pay for that resulting loss.

This exclusion applies regardless of whether the loss event results in widespread damage or affects a substantial area.

**Ordinances, regulations, or laws.** We won't cover loss caused directly or indirectly by the enforcement of any ordinance, regulation, or law governing the use, construction, repair, or demolition of any property. This includes removal of debris. Such loss is excluded regardless of any

other cause or event that contributes concurrently or in any sequence to the loss.

This exclusion applies whether the loss results from:

- an ordinance or law that is enforced even if the covered property has not been damaged; or
- the increased costs are incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of covered property, or the removal of the debris, following a physical loss to covered property.

This exclusion applies regardless of whether the loss event results in widespread damage or affects a substantial area.

However, this exclusion doesn't apply to the following:

- Debris Removal additional coverage.
- Undamaged Portion Of The Building additional coverage.
- Demolition And Increased Cost Of Construction additional benefit.

**Planning, design, materials, maintenance.** We won't cover loss caused by or resulting from faulty, inadequate, defective, or lack of:

- planning, zoning, development, surveying, siting;
  - design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
  - materials used in repair, construction, renovation or remodeling; or
  - maintenance
- of part or all of any property on or off a covered location.

If a loss not otherwise excluded results, we'll pay for that resulting loss. But we won't pay for:

- any cost of correcting or making good the fault, inadequacy, or defect itself, including any cost incurred to tear down, tear out, repair or replace any part of any property to correct the fault, inadequacy or defect; or
- any resulting loss or damage by a covered cause of loss to the property that has the fault, inadequacy or defect until the fault, inadequacy or defect is corrected.

**Pollution.** We won't cover loss caused by or resulting from pollution.

Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

But we won't apply this exclusion to loss caused by or resulting from pollution if the pollution is caused by or results from any of the following causes of loss:

- Fire.
- Lightning.
- Explosion.
- Wind.
- Hail.
- Smoke.
- Vehicles.
- Aircraft.
- Civil disturbance.
- Riot.
- Vandalism.
- Sprinkler leakage.
- Sinkhole collapse.
- Volcanic action.
- Falling objects.
- Weight of snow, weight of ice, or weight of sleet.
- Water damage.

Nor will we pay for the costs associated with the enforcement of any ordinance, regulation, or law that requires you or anyone else to:

- test for, monitor, clean up, remove;
- contain, treat, detoxify, neutralize; or
- in any way respond to, or assess the effects of

pollutants, mold or other fungi, wet or dry rot, or bacteria.

**Pollution** means the discharge, dispersal, escape, migration, release, or seepage of any pollutant.

This exclusion doesn't apply to the following:

- Pollutant Cleanup Or Removal additional benefit.
- Sewer Backup Or Overflow additional benefit.

**Property outside of buildings.** We won't cover loss caused by or resulting from ice, snow, rain or sleet to business personal property while outside a building.

**Random attack – hacking event or computer virus.** We won't cover loss caused directly or indirectly by a random attack. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

This exclusion doesn't apply to the Random Attack – Hacking Event Or Computer Virus additional benefit.

**Seepage or leakage.** We won't cover loss caused by or resulting from water or steam that seeps or leaks, or the presence or condensation of humidity, moisture, or vapor, that occurs over a period of 14 days or more.

This exclusion doesn't apply to the following:

- Accounts Receivable additional benefit.
- Computer Breakdown additional benefit.
- Fine Arts additional benefit.
- Valuable Records Research additional benefit.

**Settling, smog.** We won't cover loss caused by or resulting from:

- settling, cracking, bulging, shrinking, or expansion;
- smog; or
- smoke, vapor, or gas from agricultural or industrial operations.

If a loss not otherwise excluded results, we'll pay for that resulting loss.

This exclusion doesn't apply to the following:

- Accounts Receivable additional benefit.
- Computer Breakdown additional benefit.
- Fine Arts additional benefit.
- Valuable Records Research additional benefit.

**Spoilage.** We won't cover:

- spoilage of; or
  - loss caused by or resulting from spoilage to
- business personal property, including perishable goods.

**Utility failure.** We won't cover loss caused directly or indirectly by the failure of power or other utility service supplied to a covered location if the disruption of service occurs away from that location. We'll consider a

lack of sufficient capacity, a reduction in supply, or a fluctuation of power or other utility, to be a failure of power or other utility service.

Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

If a loss not otherwise excluded results, we'll pay for that resulting loss.

This exclusion applies regardless of whether the loss event results in widespread damage or affects a substantial area.

This exclusion doesn't apply to the following:

- Accounts Receivable additional benefit.
- Computer Breakdown additional benefit.
- Fine Arts additional benefit.
- Valuable Records Research additional benefit.

**Voluntary surrender.** We won't cover loss caused by or resulting from covered property that is voluntarily sold or given to someone who obtains it by trick, device, false pretense, or other fraudulent schemes.

**War.** We won't cover loss caused directly or indirectly by:

- war, whether declared or undeclared, or civil war, including anything done to hinder or defend against an actual or expected attack;
- warlike action by a military force, government, sovereign, or other authority using military personnel or other agents, including anything done to hinder or defend against an actual or expected attack; or
- invasion, insurrection, rebellion, revolution, or seizure of power, or anything done to hinder or defend against such actions.

Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

**Wear, tear, deterioration, animals.** We won't cover loss caused by or resulting from:

- wear and tear;
- deterioration, mold, wet or dry rot, rust, or corrosion;

- shrinkage, evaporation, loss of weight;
- changes in flavor, color, texture, or finish;
- nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents, or other animals; or
- the inherent nature of the property.

**Inherent nature** means a latent defect or any quality in the property that causes it to deteriorate or destroy itself.

If loss from fire, smoke, lightning, wind, hail, explosion, vehicles, aircraft, vandalism, malicious mischief, civil disturbance, riot, leakage from fire extinguishing equipment, sinkhole collapse, volcanic action, building glass breakage, falling objects, weight of ice, weight of snow, or weight of sleet, or water damage results, we'll pay for that resulting loss.

**Weather conditions.** We won't cover loss caused by or resulting from weather conditions when such conditions contribute in any way with a cause or event that's not covered because of the following exclusions:

- Earth movement.
- Flood or surface water.
- Governmental action.
- Nuclear activity.
- Ordinances, regulations or laws.
- Utility failure.
- War.

If a loss not otherwise excluded results, we'll pay for that resulting loss.

#### **Rules For Loss Adjustment**

When a loss occurs, we'll consider the following factors in determining what we'll pay:

- Limits Of Coverage
- Deductible
- How Your Property Is Valued
- Other Insurance

We'll do one of the following:

- Pay the value of lost or damaged property.
- Pay the cost of repairing or replacing the lost or damaged property.
- Take all or any part of the property at an agreed or appraised value; or



- Repair, rebuild, or replace the property with that of a similar kind and quality and used for the same purpose.

We won't consider the cost to repair, rebuild or replace to include the increased cost attributable to the enforcement of any ordinance, regulation, or law regulating the construction, use, or repair of any property, except for the coverage provided under the following:

- Undamaged Portion Of The Building additional coverage.
- Demolition And Increased Cost Of Construction additional benefit.

We'll give you notice of our intentions within 30 days after we receive your proof of loss. You agree that you won't merely abandon this property to us.

### **Deductible**

All deductibles are shown in the Coverage Summary and apply to all covered losses, unless otherwise specified elsewhere in this agreement. You'll be responsible for any applicable deductible amounts in each loss event.

If the amount of otherwise covered loss or damage is less than or equal to your applicable deductible, we won't pay for the loss. If the amount of otherwise covered loss or damage exceeds your applicable deductible, we'll subtract your deductible from the amount of otherwise covered loss and pay the remaining amount, or the applicable limit of coverage, whichever is less. We'll subtract your deductible after we apply the coinsurance rule, if such rule applies.

Unless otherwise specified in this agreement, if more than one coverage or additional coverage under this policy applies to any one loss, we'll pay the amount of covered loss over the highest deductible amount for any of those coverages up to the limits of applicable coverage.

If this policy is excess because more specific other insurance applies, we'll still apply all applicable deductible amounts under this policy regardless of whether you can collect on the other insurance. Excess coverage under this agreement may not be used to satisfy the deductible requirements of the more specific other insurance.

### **How Your Property Is Valued**

The Coverage Summary indicates whether property is covered:

- on an actual cash value basis, or
- on a replacement cost basis.

**Actual cash value.** For property covered on an actual cash value basis, we'll pay the least of the following:

- The actual cash value of the lost or damaged property at the time of loss or damage.
- The amount it would cost to repair or replace the lost or damaged property with that of a similar kind and quality and used for the same purpose.
- The limit of coverage that applies to the lost or damaged property.

**Replacement cost.** For property covered on a replacement cost basis, we'll pay the necessary cost to repair or replace the lost or damaged property without deduction for depreciation. But we won't pay more than the least of the following:

- The amount you actually spend that's necessary to repair the damage.
- The amount you actually spend that's necessary to replace the lost or damaged property with new property of similar kind and quality that's used for the same purpose.
- The limit of coverage that applies to the lost or damaged property.

We won't pay on a replacement cost basis until lost or damaged property has actually been repaired or replaced.

If replacement cost coverage applies to lost or damaged property, you may choose to have the loss paid on an actual cash value basis. For example:

*The amount of insurance on the property may not be enough to comply with the coinsurance rule on a replacement cost basis; or you may decide not to rebuild.*

Even if you choose to have your loss paid on an actual cash value basis, you can change your mind and request that we pay the loss on a replacement cost basis. However, you must make such a request in writing within 180 days from the time of the loss.

If a covered building is rebuilt at a new location, we'll only pay the amount that

would have been spent if the building had been rebuilt at the original location.

We won't consider the enforcement of any ordinance, regulation, or law governing the use, construction, repair, or demolition of any property, including removal of debris, to be a part of the cost of repair or replacement.

**Special rules for ordinances, regulations or laws pertaining to demolition and increased cost of construction.** The following rules are applicable to the demolition and increased cost of construction additional benefit.

We'll only pay for the increased costs to comply with the minimum requirements of any building code:

- in force at the time of the loss; and
- that governs the repair or replacement of the damaged covered building.

But we won't pay the costs associated with the enforcement of any ordinance, regulation, or law that requires you or anyone else to:

- test for, monitor, clean up;
- remove, contain, treat, detoxify, neutralize; or
- in any way respond to, or assess the effects of pollutants, mold or other fungi, wet or dry rot, or bacteria.

We'll only pay to repair or rebuild covered property for occupancy similar to that which existed immediately prior to the covered loss or damage, unless otherwise required by zoning or land use ordinance or law.

The most we'll pay for the increased cost of construction is the lesser of:

- the limit of coverage for the Demolition And Increased Cost Of Construction additional benefit; or
- the increased cost of construction at the location at which the loss or damage occurred

regardless of whether you repair or replace the damaged covered building at the same or at a new location.

If an ordinance or law requires you to relocate to another location after loss of or damage to a covered building, the most we'll pay for the increased cost of construction is the lesser of:

- the limit of coverage for the Demolition And Increased Cost Of Construction additional benefit; or
- the increased cost of construction at the new location.

We won't pay for increased construction costs:

- until the covered property is actually repaired or replaced; and
- unless the repair or replacement is made as soon as reasonably possible, but not more than two years after the loss or damage. We may, however, give you permission in writing to extend this period beyond the two years.

If the covered property is not repaired or replaced, we won't pay more under the Demolition And Increased Cost Of Construction additional benefit than the lesser of:

- the amount you actually spend to demolish and clear the site of a covered location; or
- that additional benefit limit.

#### **Rules For Valuing Special Property**

The following special rules apply for setting a value on money, securities, your finished goods, certain stock, pairs and sets, improvements, accounts receivable, software and data, valuable papers and records, and fine arts.

**Setting a value on money.** We'll determine the amount we'll pay for loss of or damage to money by its face value. We may choose to pay for loss of or damage to money issued by any country other than the United States of America:

- at face value in the money issued by that country; or
- in the United States of America dollar equivalent determined by the rate of exchange published in The Wall Street Journal on the day the loss was discovered.

But regardless of the option we choose, we won't pay more than the additional benefit limit for money or securities shown in the Coverage Summary.

**Setting a value on securities.** We'll determine the amount we'll pay for loss of or damage to your securities by their value at the close of business on the day they sustained loss

or damage. We may, at our option, do any of the following:

- Pay the value of such securities.
- Replace such securities with similar or equivalent securities. But you must assign to us your rights, title, and interest in, and to, any securities we replace.
- Pay the cost of any lost securities bond required in connection with issuing duplicates of such securities. But the most we'll pay is the cost of a bond that has a penalty not more than the value of the lost or damaged securities at the close of the day on the day they sustained loss or damage, or the applicable limit of coverage, whichever is less.

But regardless of the option we choose, we won't pay more than the additional benefit limit for money or securities shown in the Coverage Summary.

**Setting a value on finished goods.** We'll consider the value of your finished goods sold but not delivered to be the price at which they were sold. We'll reduce that price by any discounts you offered and expenses you would have incurred in connection with such finished goods. However, this provision doesn't apply to any computer software or data.

**Setting a value on finished goods - selling price.** If this valuation option is indicated in the Coverage Summary, we'll consider the value of your finished goods to be the price at which they were sold or the price at which they would have been sold had no loss occurred. We'll reduce that price by any discounts you offered and expenses you would have incurred in connection with such finished goods. However, this provision doesn't apply to any computer software or data.

**Setting a value on stock - use of brands and labels.** If your branded or labeled stock that is covered property under this agreement is damaged and you don't want to sell it under your brand or label, we'll pay the reasonable costs you incur to:

- stamp "salvage" on the stock or its containers, if the stamp won't physically damage the stock; or
- remove the brands or labels, if doing so won't physically damage the stock. We'll also pay the reasonable costs you incur to relabel the stock or its container to comply with the law.

But the most we'll pay on a combined total basis for these costs and the value of the damaged property is the limit of coverage for such property.

**Setting a value on pairs and sets.** The most we'll pay for loss to a pair or set is the lesser of:

- the cost to restore the pair or set to its value before the loss; or
- the difference between the value of the pair or set before and after the loss.

This valuation method doesn't apply to setting a value on fine arts.

**Setting a value on improvements.** If you repair or replace a lost or damaged improvement, within a reasonable amount of time, we'll figure the value of that improvement at actual cash value or replacement cost, whichever is indicated for business personal property in the Coverage Summary.

But if you don't repair or replace the lost or damaged improvement within a reasonable amount of time, we'll figure its value differently. We'll base the value of such improvement on the figure obtained using the following formula.

We'll multiply the original cost of the improvement by the fraction obtained by dividing the amount of time left on your lease when the loss or damage occurred by the amount of time left when the improvement was originally made.

$$\text{Original cost} \times \frac{\text{Remainder of time on lease when loss occurred}}{\text{Remainder of time on lease when improvement made}} = \text{Value of Improvement}$$

For example:

*You make a \$5,000 improvement on your office one year before your lease expires. Six months later the improvement is destroyed. If you don't repair it within a reasonable time, we'll consider the improvement's value to be:*

$$\$5,000 \times \frac{6 \text{ months}}{12 \text{ months}} = \$2,500$$

If your lease contains a renewal option, we'll use the expiration of the renewal option period as the ending date of your

lease to determine the amount of time left on your lease.

**Setting a value on accounts receivable.** We'll base the value of accounts receivable on the amount of accounts receivable that are outstanding at the time of loss of or damage to records of accounts receivable. We'll calculate the amount of outstanding accounts receivable by determining the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs and adjusting that total for any:

- normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred; or
- demonstrated variance from the average for that month.

We'll then deduct:

- the amount of the accounts for which there is no loss of or damage to records;
- the amount of the accounts that you're able to re-establish or collect;
- an amount to allow for probable bad debts that you're normally unable to collect; and
- all unearned interest and service charges from the total amount of outstanding accounts receivable.

**Setting a value on software and data.** We'll consider the value of software and data that are replaced or reproduced to be no more than the cost of blank materials plus the reasonable costs you incur for replacing, reproducing, transcribing, or copying them. If software and data aren't replaced or reproduced, we'll consider their value to be the cost of blank materials. We'll value pre-packaged software at the cost to replace and re-install it.

**Setting a value on valuable papers and records.** We'll consider the cost of valuable papers and records to be the cost of blank materials for reproducing the records and for the reasonable cost of labor to transcribe or copy the records.

**Setting a value on fine arts.** We'll base the value of fine arts on their market value at the time of their loss or damage. If such lost or damaged fine art is part of a pair or set, you may choose one of the following methods of loss payment.

- We'll pay the market value of the entire pair or set. You must give us the remaining pieces.

- We'll pay the reasonable cost to repair the damaged pieces and you may keep the undamaged pieces. If the pair or set, with the repaired pieces, has a lower value than it had prior to the loss, we'll also pay the difference between these values. However, we won't pay more than the value the pair or set had prior to the loss or damage.
- We'll pay the market value at the time of the loss of or damage to pieces that can't be found or repaired. You may keep the undamaged pieces. If the undamaged pieces have a reduced value, we'll pay the difference between such reduced value and the value they had prior to the loss or damage of the other pieces. However, we won't pay more than the value the pair or set had prior to the loss or damage.

### **Coinurance Rule**

This coinurance rule only applies if the Coverage Summary shows a coinurance percentage for the covered property.

We won't pay the full amount of any loss if you don't carry at least the minimum amount.

**What's the minimum amount?** The minimum amount is the value of your property multiplied by the applicable coinurance percentage. If a single limit of coverage applies to more than one item, we'll figure the minimum amount based on the total of all property to which that limit of coverage applies. We won't include the value of property covered under the Additional Benefits section or the cost of debris removal in figuring your minimum amount.

For example:

If property is covered on an actual cash value basis, we'll multiply the actual cash value of all property insured under the same limit of coverage by the coinurance percentage for that property to figure the minimum amount, as shown below:

<i>Actual cash value of building at time of loss (including building items)</i>	<i>\$100,000</i>
<i>Coinurance percentage (80%)</i>	<i>X .80</i>
<i>Minimum amount you agree to insure</i>	<i>\$80,000</i>

If property is covered on a replacement cost basis, you can choose to have your loss paid on an actual cash value basis. If



you do so, we'll consider the minimum amount to be the actual cash value of the lost or damaged property multiplied by the applicable coinsurance percentage.

Because property values change, we'll figure the minimum amount at the time of loss or damage to covered property. Therefore, it's important for you to review the amount of your coverage periodically to be sure you're keeping your property insured for at least the minimum amount. Otherwise we may only pay a part of your loss.

**How the rule works.** If, at the time of loss or damage, your property is covered for the minimum amount or more, this coinsurance rule won't have any effect on what we'll pay. But, regardless of whether the coinsurance rule applies to a loss, we won't pay more than the applicable limit shown in the Coverage Summary.

If, at the time of your loss or damage, your property is covered for less than the minimum amount, you'll have to share your loss with us. We'll determine what we'll pay and what your share will be using the following calculation:

**Step 1:** Figure the minimum amount.

**Step 2:** Divide the limit of coverage of the property by the minimum amount.

**Step 3:** Multiply the total amount of loss, before the application of any deductible, by the figure determined in step 2;

**Step 4:** Subtract the deductible from the figure determined in step 3.

Here's an example of how it works:

<b>Amount of your loss</b>	<b>\$40,000</b>
<b>Deductible</b>	<b>\$500</b>
<b>Limit of insurance you had</b>	<b>\$60,000</b>
<b>Value of building, including building items, at time of loss</b>	<b>\$100,000</b>
<b>Coinsurance percentage</b>	<b>80%</b>
<b>Minimum amount you should have had</b>	<b>\$80,000</b>

**Step 1:**  $\$100,000 \times .80 = \$80,000$

**Step 2:**  $\$60,000 / \$80,000 = .75$

**Step 3:**  $\$40,000 \times .75 = \$30,000$

**Step 4:**  $\$30,000 - \$500 = \$29,500$

In this example, we'll pay no more than \$29,500 of your loss. The remaining \$10,500 is not covered.

## Agreed Amount Option

The Coverage Summary will indicate whether this option applies. It will also list the locations, if any, that this option applies to, the agreed amount, and the agreed amount expiration date.

This option suspends the Coinsurance Rule for covered property to which this option applies. At the time of loss, we'll pay the percentage that the applicable limit of coverage is of the agreed amount that applies. For example:

$$\frac{\text{Limit of coverage}}{\text{Agreed amount}} = \frac{\$30,000}{\$30,000} = 100\%$$

So, if the amount of your loss is \$10,000, we'll pay \$10,000 less your deductible. But we won't pay more than the limit of coverage that applies.

**Agreed amount expiration date.** This Agreed Amount Option expires on the date shown in the Coverage Summary. At that time, we'll automatically reinstate the Coinsurance Rule.

## Inflation Guard Option

If you've purchased the inflation guard option for a particular coverage, we'll automatically increase the applicable limit of coverage using the inflation guard annual percentage rate calculation. The locations, inflation guard annual percentage rate, and limits of coverage to which that percentage rate applies are shown in the Coverage Summary.

The inflation guard annual percentage rate calculation will be determined as follows:

- The limit of coverage that applied on the date of loss, times
- The applicable inflation guard annual percentage rate, times
- The number of days since the later of the policy inception, the policy anniversary date, or the effective date of the most recent policy change amending the limit of coverage,
- Divided by 365.

**For example:**

Applicable limit of coverage = \$100,000

Annual inflation guard percentage rate = 8%

The number of days since the beginning of the policy year, or last change in limits = 146

The amount of increase is:

$$\$100,000 \times .08 \times 146 / 365 = \$3,200$$

### Other Insurance

Other insurance may apply to loss covered under this agreement. If the other insurance is subject to the same terms and conditions as this policy, we'll pay our pro rata portion of the covered loss or damage. Our share will be the same proportion of the loss that our limit of coverage bears to the total of all available limits. If the other insurance more specifically insures the property, we'll pay the amount of the loss in excess of the amount due from that other insurance, regardless of whether you can collect on it. But we won't pay more than the limit of coverage under this agreement.

*Other insurance* means insurance, or the funding of losses, that's provided by, through, or on behalf of:

- another insurance company;
- any risk retention group;
- any self-insurance method or program, other than any funded by you and over which this agreement applies; or
- any similar risk transfer or risk management method.

**Insurance provided under any other policy or insuring agreement written by us or any of our affiliated insurance companies.** When this agreement and any other insuring agreement in any policy written by us or any of our affiliated insurance companies apply to the same loss, the most we'll pay for the covered loss is the highest limit of coverage that applies under any one of those agreements.

However, this section doesn't apply if the other insuring agreement that applies is excess insurance that you bought specifically to apply in excess of the limits of coverage that apply under this agreement.

### Adjusting Losses

**Your property.** If there's a covered loss to your property, other than property with a loss payee as described below, we'll adjust the loss with you.

**Someone else's property.** If there's a covered loss to someone else's property, we can choose to either:

- adjust the loss with you for the owner's account; or
- settle directly with the owner.

If we settle with the owner, the owner's release will satisfy any claim you make for the same loss.

**Property with a loss payee.** If the Coverage Summary identifies a person or organization as a loss payee to receive payments for loss to:

- business personal property; or
- personal property covered under building coverage,

we'll still adjust the loss with you. However, we'll pay you and the person or organization named as loss payee based on the financial interest each of you has in the covered property.

### If Your Building Is Mortgaged

If the Coverage Summary identifies a mortgageholder, this section applies.

**Rights and duties of mortgageholders.** We'll make payments for any covered building or structure loss to you and any mortgageholder based on the interest each of you has in the building. The mortgageholder has the right to receive such payment even if the mortgageholder has started foreclosure or similar action on the building.

If we deny your claim because of your acts or because you haven't complied with the terms and conditions of this agreement, the mortgageholder will still have the right to receive loss payments if the mortgageholder:

- pays any premium when due, at our request, if you fail to do so;
- submits a signed, sworn proof of loss within 60 days of being notified by us that you've failed to do so; and
- notifies us when they're aware of any change in ownership, occupancy, or risk.

The same rules and conditions that apply to you will then apply to the mortgageholder.

We'll consider trustees to have the same rights and duties as mortgageholders.

**Transfer of mortgageholder's right to us.** If we pay your mortgageholder for loss or damage and deny payment to you because of your

acts or because you haven't complied with the terms and conditions of this agreement, the mortgageholder's rights:

- under the mortgage will then belong to us to the extent of the amount we pay; and
- to recover the full amount of their claim against you won't be affected.

We also have the right to pay off the mortgage debt. If we do, we'll take over the mortgage and note, and we'll have the mortgageholder's right to be repaid by you.

**Cancellation notice to mortgageholder.** If we cancel this agreement, we'll mail or deliver a cancellation notice to your mortgageholder at least:

- 10 days, if we're canceling for non-payment of premium; or
- 30 days, if we're canceling for any other reason

before the date the cancellation will be effective.

**Nonrenewal notice to mortgageholder.** If we decide not to renew or continue this policy, we'll mail or deliver a nonrenewal notice to your mortgageholder at least 10 days before the expiration date of the policy.

### Other Rules For This Agreement

**Insurance for your benefit.** This insurance is for your benefit. No other person or organization that has temporary possession of your property can benefit directly or indirectly from it.

**Recovering damages from a third party.** The following replaces the Recovering Damages From A Third Party section in the General Rules.

You or other persons or organizations protected under this agreement and to or for whom we make payment under this agreement may also be able to recover from others all or part of such loss for which we've made payment. Any such right of recovery, and the proceeds of any settlement or judgment that may result from the exercise of that right, belongs to us to the extent of our payment.

For that reason, you and all other persons or organizations protected under this agreement must do all that's possible after the loss to:

- preserve for us any such right of recovery or any such proceeds; and

- cooperate with us in any attempt to exercise any such right of recovery.

If you do anything to impair these rights, we won't pay for your loss.

However, before any loss, you or any other person or organization protected under this agreement can:

- give anyone a written release from any responsibility for loss to property; or
- accept ordinary bills of lading from a shipper, even if they limit the carrier's liability for losses.

But after a loss you can release only:

- your tenant;
- another person whose financial interest in the property is covered under this policy; or
- any firm or organization that you own or control or that owns or controls you.

**Unintentional errors in description.** Any error you make in your description of the address of a covered location in any application, statement of values, or other similar listing of locations submitted to us won't affect your rights under this agreement, if such error is not made intentionally and you report it to us as soon as practicable after you discover it. We'll retain the right to collect any additional or retroactive premium that's applicable due to any such error.

**Vacant buildings.** If you lease part of a covered building, we'll consider that part of the building you lease to be vacant when it doesn't contain enough business personal property to conduct customary operations. If you own a covered building, or you lease the entire building, we'll consider it to be vacant unless at least 31% of its total square footage is:

- rented to a lessee or sub lessee and used by such lessee or sub lessee for residential purposes or to conduct their customary operations; or
- used by the building owner to conduct customary operations.

We won't consider buildings in the process of renovation or under construction to be vacant.

After 60 consecutive days of vacancy, we won't pay for loss of or damage to covered property due to the following, regardless of whether they're covered causes of loss for that property:

- vandalism;
- sprinkler leakage, unless the system has been protected against freezing;
- building glass breakage;
- water damage;
- theft; or
- attempted theft.

If a covered building is vacant, we'll reduce our payment for covered loss by 15% when such loss occurs after the first 60 consecutive days of vacancy.

#### **List Of Terms With Defined Meanings Shown In This Agreement**

This section lists, in alphabetical order, the terms that have or include defined meanings shown in this agreement. The defined meaning for each of these terms:

- begins on the page shown for that term; and
- is usually located immediately following where that term is first used in this agreement.

However, one or more endorsements or other forms made part of your policy may, without changing this section:

- delete or change the defined meanings for any of these terms; or
- add a defined meaning for any other term.

<b>Term</b>	<b>Page</b>
Bank	10
Business personal property	3
Carrier	12

Collapse	5
Computer breakdown	8
Computer hardware	3
Computer virus	12
Coverage territory	7
Covered location	2
Data	3
Due course of transit	11
Earthquake	15
Expediting expenses	9
Falling objects	5
Fine arts	9
Finished goods	3
Flood	15
Fur	4
Hacking event	12
Improvement	3
Inherent nature	18
Interior of any building or structure	13
Jewelry	4
Mine subsidence	15
Money	9
Other insurance	24
Pollutant	11
Pollution	17
Precious metals	4
Random attack	12
Securities	9
Sinkhole	5
Sinkhole collapse	5
Software	3
Soil conditions	15
Specific attack	12
Stock	3
Surface water	15
System or appliance	5
Telecommunications system	12
Transit termination	12
Transporting vehicle	12
Valuable records	13
Volcanic action	5
Waste	11
Water damage	5



**AGREED AMOUNT ENDORSEMENT****The St Paul**

This endorsement changes your Property Protection.

**How Coverage Is Changed**

This endorsement suspends the Coinsurance Rule by agreeing that the Amount of Insurance satisfies the rule in your Property Protection. If the proper amount of insurance is maintained, no coinsurance penalty applies. The locations this endorsement applies to, the agreed amount and the agreed amount expiration date are shown in the Coverage Summary.

The following is added to the How Your Property Is Valued section of your Property Protection.

**Agreed Amount.** At the time of loss, we'll pay the percentage that the applicable limit of coverage is of the agreed amount that applies. For example:

limit of coverage	\$30,000	
agreed amount	\$30,000	= 100%

So, if the amount of your loss is \$10,000, we'll pay \$10,000 less your deductible. But we won't

pay more than the limit of coverage that applies.

**Agreed amount expiration date.** This Agreed Amount endorsement expires on the date shown in the Coverage Summary. At that time, we'll automatically reinstate the Coinsurance Rule.

**Additions or repairs.** You must report any additions, alterations or repairs to property covered under this endorsement. If you don't and their value is at least 5% of the amount shown in the Coverage Summary for the property undergoing this work, the Coinsurance Rule will apply to such property.

**Coinsurance Rule**

The coinsurance rule won't apply to property covered under this endorsement except for additions and repairs as described above.

**Other Terms**

All other terms of your policy remain the same.

**WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE ENDORSEMENT**

This endorsement changes your Property Protection.

**How Coverage Is Changed**

The following is added to the Deductible section. This change adds a windstorm or hail percentage deductible.

**Windstorm or hail percentage deductible.** Your windstorm or hail percentage deductible shown in the applicable Schedule of this endorsement applies to covered loss or damage caused directly or indirectly by windstorm or hail.

The windstorm or hail deductible applies to each windstorm or hail event.

Nothing in this endorsement implies or affords coverage for any loss or damage that is excluded under any Flood, Flood or surface water, or other exclusion that applies and is made a part of this policy. If this policy is endorsed to provide coverage for flood, or if you have purchased separate coverage for flood, a separate deductible will apply to loss or damage caused by flood, in accordance with the terms of such coverage.

The windstorm or hail percentage deductible is calculated separately for, and applies separately to:

- each building that sustains loss or damage;
- the business personal property at each building at which there is loss or damage to business personal property; or
- business personal property in the open.

If there is damage both to a building and to business personal property in that building, separate deductibles apply to the building and to the business personal property.

**Newly acquired property.** With respect to property covered under the Newly Acquired Property additional benefit, in determining the amount we'll pay for loss or damage, we'll deduct an amount equal to a percentage of the values of the property at the time of loss. The applicable percentage for Newly Acquired Property is the highest percentage shown in any Schedule of this endorsement for any covered location subject to the windstorm or hail deductible.

**Minimum dollar amount each event deductible.**

If a minimum dollar amount each event deductible is shown in the applicable Schedule of this endorsement, that amount is the least we'll deduct in any one event for the locations shown in such Schedule that sustain loss or damage.

**Calculation Of The Deductible - Specific Coverage Other Than Builders Risk**

*Specific coverage* means coverage for a specific item of insurance under a separate limit of coverage. For example, each building or personal property in a building is indicated as a separate limit of coverage.

**Property not subject to Value Reporting Forms.** In determining the amount we'll pay for covered loss or damage, we'll deduct an amount equal to 1%, 2%, 3%, 4%, 5%, or 10%, as shown in the applicable Schedule of this endorsement, of the limit of coverage applicable to the property that has sustained loss or damage.

However, if a minimum dollar amount each event deductible is shown in the applicable Schedule of this endorsement, that amount is the least we'll deduct in any one event for the locations shown in such Schedule that sustain loss or damage.

For example:

*The amount of loss to the damaged building is \$60,000.*

*The value of the damaged building at time of loss is \$100,000. The Coinsurance percentage shown in the property Coverage Summary is 80%; the minimum Limit of Coverage needed to meet the coinsurance requirement is \$80,000 (80% of \$100,000).*

*The actual Limit of Coverage on the damaged building is \$70,000. Therefore a Coinsurance penalty applies.*

*The percentage deductible is 5%, which is subject to a minimum dollar amount each event deductible of \$25,000.*

Name of Insured

Policy Number ZEP-12N97811-16-47

Effective Date 01/12/16

EXCALIBUR RENTALS, INC. AND ELITE

Processing Date 02/05/16 11:41 001

F0474 Rev. 5-08

Endorsement

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**Step (1):**  $\$70,000 \div \$80,000 = .875$

**Step (2):**  $\$60,000 \times .875 = \$52,500$

**Step (3):**  $\$70,000 \times 5\% = \$3,500$

**Step (4):**  $\$52,500 - \$3,500 = \$49,000$

Based on the calculation of the percentage deductible, the most we will pay is \$49,000. The remainder of the loss, \$11,000, is not covered due to the Coinsurance penalty for inadequate insurance (steps (1) and (2)) and the application of the Deductible (steps (3) and (4)).

However, in this case, the percentage deductible is less than the minimum dollar amount each event deductible of \$25,000. So the minimum dollar amount each event deductible applies and the most we'll pay is \$27,500 (\$52,500 - \$25,000).

#### Example 2:

*The amounts of loss to the damaged property are \$60,000 (building) and \$40,000 (business personal property in building).*

*The value of the damaged building at time of loss is \$100,000. The value of the business personal property in that building is \$80,000. The Coinsurance percentage shown in the property Coverage Summary is 80%; the minimum Limits of Coverage needed to meet the coinsurance requirement are \$80,000 (80% of \$100,000) for the building and \$64,000 (80% of \$80,000) for the business personal property.*

*The actual Limits of Coverage on the damaged property are \$80,000 on the building and \$64,000 on the business personal property. Therefore there is no Coinsurance penalty.*

*The percentage deductible is 2%, which is subject to a minimum dollar amount each event deductible of \$25,000.*

#### **Building**

**Step (1):**  $\$80,000 \times 2\% = \$1,600$

**Step (2):**  $\$60,000 - \$1,600 = \$58,400$

#### **Business Personal Property**

**Step (1):**  $\$64,000 \times 2\% = \$1,280$

**Step (2):**  $\$40,000 - \$1,280 = \$38,720$

Based on the calculation of the percentage deductible, the most we will pay is \$97,120 (\$58,400 + \$38,720). That portion of the total loss not covered due to application of the percentage deductible is \$2,880.

However, in this case, the percentage deductible is less than the minimum dollar amount each event deductible of \$25,000. So the minimum dollar amount each event deductible applies and the most we'll pay is \$75,000 (\$60,000 + \$40,000 = \$100,000 - \$25,000).

#### **Property Subject to Value Reporting Forms.**

In determining the amount we'll pay for covered loss or damage, we'll deduct an amount equal to 1%, 2%, 3%, 4%, 5%, or 10%, as shown in the Schedule of this endorsement, of the values of the property that has sustained loss or damage. We'll use the latest values shown in the most recent Statement of Values or similar record of values on file with us.

However, if the most recent record of values:

- shows less than the full values of the property on the report dates, we will determine the deductible amount as a percentage of the full value as of the report dates; or
- is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the applicable limit of coverage.

If a minimum dollar amount each event deductible is shown in the applicable Schedule of this endorsement, that amount is the least we'll deduct in any one event for the locations shown in such Schedule that sustain loss or damage.

#### **Calculation Of The Deductible – Blanket Coverage Other Than Builders Risk**

**Blanket coverage** means coverage for two or more items of insurance under a single limit of insurance. For example, one limit of coverage for a building and personal property in that building; or one limit of coverage for two buildings.

**Property not subject to Value Reporting Forms.** In determining the amount that we'll pay for covered loss or damage, we'll deduct an amount equal to 1%, 2%, 3%, 4%, 5%, or 10%, as shown in the applicable Schedule of this endorsement, of the values of the property that has sustained loss or damage. The values to be used are the latest values shown in the most recent Statement of Values or similar record of values on file with us, or if not shown on

the most recent record of values, the values at the time of loss.

However, if a minimum dollar amount each event deductible is shown in the applicable Schedule of this endorsement, that amount is the least we'll deduct in any one event for the locations shown in such Schedule that sustain loss or damage.

For example:

*The amounts of loss to the damaged property are \$40,000 (Building #1) and \$20,000 (Building #2).*

*The sum of the values of Building #1 (\$500,000), Building #2 (\$500,000) and Building #3 (\$1,000,000), as shown in the most recent Statement of Values on file with us, is \$2,000,000.*

*The Coinsurance percentage shown in the property Coverage Summary is 90%; the minimum Blanket Limit of Coverage needed to meet the coinsurance requirement is \$1,800,000 (90% of \$2,000,000).*

*The actual Blanket Limit of Coverage covering Buildings #1, #2 and #3, shown in the property Coverage Summary, is \$1,800,000. Therefore there is no Coinsurance penalty.*

*The percentage deductible is 2%, which is subject to a minimum dollar amount each event deductible of \$50,000.*

**Building #1**

**Step (1):**  $\$500,000 \times 2\% = \$10,000$

**Step (2):**  $\$40,000 - \$10,000 = \$30,000$

**Building #2**

**Step (1):**  $\$500,000 \times 2\% = \$10,000$

**Step (2):**  $\$20,000 - \$10,000 = \$10,000$

Based on the calculation of the percentage deductible, the most we will pay is \$40,000 (\$30,000 + \$10,000). That portion of the total loss not covered due to application of the percentage deductible is \$20,000.

However, in this case, the minimum dollar amount each event deductible is \$50,000, so the most we'll pay is \$10,000 (\$40,000 + \$20,000 = \$60,000 - \$50,000).

Example 2:

*Locations 1 and 2 have sustained damage from the same event. The amounts of loss are:*

*Location 1: Building #1 \$45,000; and Business Personal Property at Building #1 \$25,000.*

*Location 2: Building #1 \$100,000; and Business Personal Property at Building #1 \$100,000.*

*Location 1: The sum of the values of Building #1 (\$500,000), Building #2 (\$500,000), Business Personal Property at Building #1 (\$250,000) and Business Personal Property at Building #2 (\$250,000), as shown in the most recent Statement of Values on file with us, is \$1,500,000.*

*Location 2: The sum of the values of Building #1 (\$800,000), Building #2 (\$500,000), Business Personal Property at Building #1 (\$400,000) and Business Personal Property at Building #2 (\$150,000), as shown in the most recent Statement of Values on file with us, is \$1,850,000.*

*The sum of all Building and Business Personal Property values at locations 1 and 2 is \$3,350,000. The Coinsurance percentage shown in the property Coverage Summary is 90%; the minimum Blanket Limit of Coverage needed to meet the coinsurance requirement is \$3,015,000 (90% of \$3,350,000).*

*The actual Blanket Limit of Coverage covering Locations 1 and 2, shown in the property Coverage Summary, is \$3,100,000. Therefore, there is no Coinsurance penalty.*

*The Deductible is 5%, which is subject to a minimum dollar amount each event deductible of \$75,000.*

**Location 1 - Building #1**

**Step (1):**  $\$500,000 \times 5\% = \$25,000$

**Step (2):**  $\$45,000 - \$25,000 = \$20,000$

**Location 1 - Business Personal Property at Building #1**

**Step (1):**  $\$250,000 \times 5\% = \$12,500$

**Step (2):**  $\$25,000 - \$12,500 = \$12,500$

**Location 2 - Building #1**

**Step (1):**  $\$800,000 \times 5\% = \$40,000$

**Step (2):**  $\$100,000 - \$40,000 = \$60,000$

**Location 2 - Business Personal Property at Building#1**

**Step (1):**  $\$400,000 \times 5\% = \$20,000$

**Step (2):**  $\$100,000 - \$20,000 = \$80,000$

Based on the calculation of the percentage deductible, the most we will pay is \$172,500 (\$20,000 + \$12,500 + \$60,000 + \$80,000). That portion of the loss not covered due to application of the percentage deductible is \$97,500. The percentage deductible applies since it is greater than the minimum dollar amount each event deductible of \$75,000.

**Property subject to Value Reporting Forms.**

In determining the amount that we'll pay for covered loss or damage, we'll deduct an amount equal to 1%, 2%, 3%, 4%, 5%, or 10%, as shown in the applicable Schedule of this endorsement, of the values of the property that has sustained loss or damage. We'll use the latest values shown in the most recent Statement of Values or similar record of values on file with us.

However, if the most recent record of values:

- shows less than the full values of the property on the report dates, we will determine the deductible amount as a percentage of the full value(s) as of the report dates; or
- is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the applicable limit of coverage.

If a minimum dollar amount each event deductible is shown in the applicable Schedule of this endorsement, that amount is the least we'll deduct in any one event for the locations shown in such Schedule that sustain loss or damage.

**Calculation Of The Deductible - Builders Risk Coverage****Builders Risk Other Than Reporting Form.**

In determining the amount that we'll pay for covered loss or damage, we'll deduct an amount equal to 1%, 2%, 3%, 4%, 5%, or 10%, as shown in the applicable Schedule of this endorsement, of the actual cash value of the property that has sustained loss or damage. The least we'll deduct in any one event for all property that has sustained loss or damage is the minimum dollar amount each event deductible shown in the applicable Schedule of this endorsement.

**Builders Risk Reporting Form.**

In determining the amount that we'll pay for covered loss or damage, we'll deduct an amount equal to 1%, 2%, 3%, 4%, 5%, or 10%, as shown in the applicable Schedule of this endorsement, of the values of the property that has sustained loss or damage. We'll use the actual cash values shown in the most recent Statement of Values or similar record of values on file with us.

However, if the most recent record of values:

- shows less than the actual cash values of the property on the report date, we will determine the deductible amount as a percentage of the actual cash values as of the report date; or
- is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the actual cash value of the property as of the time of loss or damage.

If a minimum dollar amount each event deductible is shown in the applicable Schedule of this endorsement, that amount is the least we'll deduct in any one event for the locations shown in such Schedule that sustain loss or damage.

**Other Terms**

All other terms of your policy remain the same.



**SCHEDULE**

**SCHEDULE NO. 1**

**Location Detail**

2% WIND OR HAIL DED. APPLIES

LOCATION 1

16108 NW ZAC LENTZ PKWY., VICTORIA TX 77905

**DEDUCTIBLE PERCENTAGE**  
(1%, 2%, 3%, 4%, 5%, or 10%)

**Minimum Dollar Amount Each Event Deductible: \$**

**SCHEDULE NO. 2**

**Location Detail**

2% WIND OR HAIL DED. APPLIES

LOCATION 3

331 WOOL RIDGE, CONROE, TX 77301

**DEDUCTIBLE PERCENTAGE**  
(1%, 2%, 3%, 4%, 5%, or 10%)

**Minimum Dollar Amount Each Event Deductible: \$**

**SCHEDULE NO. 3**

**Location Detail**

2% WIND OR HAIL DED. APPLIES

LOCATION 6:1, 6:2, 6:3

109 HARRISON AVENUE, CHARLOTTE, TX 78011TX 77056

**DEDUCTIBLE PERCENTAGE**  
(1%, 2%, 3%, 4%, 5%, or 10%)

**Minimum Dollar Amount Each Event Deductible: \$**

**SCHEDULE NO. 4**

**Location Detail**

2% WIND OR HAIL DED. APPLIES

LOCATION 7:1

5201 MEMORIAL DRIVE, #326, HOUSTON, TX 77077

**DEDUCTIBLE PERCENTAGE**  
(1%, 2%, 3%, 4%, 5%, or 10%)

**Minimum Dollar Amount Each Event Deductible: \$**

**COMMON DEDUCTIBLE ENDORSEMENT**

This endorsement changes your Property Protection.

**How Coverage Is Changed**

1. The following replaces the Deductible Section in the Rules for Loss Adjustment Section. This change broadens coverage.

**Deductible**

All deductibles are shown in the Coverage Summary and apply to all covered losses, unless otherwise specified elsewhere in this agreement. You'll be responsible for any applicable deductible amounts in each loss event.

If the amount of otherwise covered loss or damage is less than or equal to your applicable deductible, we won't pay for the loss. If the amount of otherwise covered loss or damage exceeds your applicable deductible, we'll subtract your deductible from the amount of otherwise covered loss and pay the remaining amount, or the applicable limit of coverage, whichever is less. We'll subtract your deductible after we apply the coinsurance rule, if such rule applies.

Unless otherwise specified in this agreement, if more than one coverage or additional coverage under this policy applies to any one loss, we'll pay the amount of covered loss over the highest deductible amount for any of those coverages up to the limits of applicable coverage.

**How Multiple Deductibles Apply To The Same Loss**

When this agreement and any other insuring agreement in any policy written by us or any of our affiliated insurance companies and issued to you apply to the same loss, we'll apply only the largest deductible of any one of the insuring agreements or policies to the loss. This deductible will also be known as the common deductible.

The common deductible will be applied to the proportion of loss damages per coverage to the total amount of loss damages. For example:

*You incur a loss that results in \$5,000 in property damages, \$3,000 in general liability damages and \$2,000 auto physical damages, or total loss damages of \$10,000. Your deductibles on these coverages are \$500, \$1,000, and \$250 comprehensive deductible, respectively. The common deductible will be the largest of the three deductibles, or \$1,000.*

*The deductible that will be applied to each of the coverages will be a percentage of the common deductible. That percentage will be a ratio of the loss damages per coverage to the total loss damages. For the property coverage, the deductible amount applied would be 50% (\$5,000/10,000) of the common deductible, or \$500. For the general liability coverage, the deductible amount applied would be 30% (\$3,000/10,000) of the common deductible, or \$300. For the auto physical damage coverage, the deductible amount applied would be 20% (\$2,000/10,000) of the common deductible, or \$200.*

2. The following replaces the Other Insurance Section in the Rules for Loss Adjustment Section. This change broadens coverage.

**Other Insurance**

Other insurance may apply to loss covered under this agreement. If the other insurance is subject to the same terms and conditions as this policy, we'll pay our pro rata portion of the covered loss or damage. Our share will be the same proportion of the loss that our limit of coverage bears to the total of all available limits. If the other insurance more specifically insures the property, we'll pay the amount of the loss in excess of the amount due from that other insurance, regardless of whether you can collect on it. But we won't pay more than the limit of coverage under this agreement.

***Other insurance*** means insurance, or the funding of losses, that's provided by, through, or on behalf of:

- another insurance company;
  - any risk retention group;
  - any self-insurance method or program, other than any funded by you and over which this agreement applies; or
- any similar risk transfer or risk management method.

**Other Terms**

All other terms of your policy remain the same.



**MOLD OR BACTERIA EXCLUSION ENDORSEMENT WITH LIMITED ADDITIONAL COVERAGE**

This endorsement changes your Property Protection insuring agreement. It applies to all locations unless otherwise specified in the Coverage Summary.

**How Coverage Is Changed**

There are four changes which are explained below. These changes limit coverage.

1. The Wear, tear, deterioration, animals exclusion is replaced by the following.

**Wear, tear, deterioration, animals.** We won't cover loss caused by or resulting from:

- wear and tear;
- deterioration, rust, or any other corrosion;
- shrinkage, evaporation, loss of weight;
- changes in flavor, color, texture, or finish;
- nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents, or other animals; or
- the inherent nature of the property.

*Inherent nature* means a latent defect or any quality in the property that causes it to deteriorate or destroy itself.

If a loss from fire, smoke, lightning, wind, hail, explosion, vehicles, aircraft, vandalism, malicious mischief, civil disturbance, riot, leakage from fire extinguishing equipment, sinkhole collapse, volcanic action, building glass breakage, falling objects, weight of ice, snow, or sleet or water damage results, we'll pay for that resulting loss.

*Water damage* means the accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance, other than a sump system, containing water or steam.

2. The following is added to the Exclusions - Losses We Won't Cover section.

**Mold or other fungi, wet or dry rot, or bacteria.** We won't cover loss caused directly or indirectly by mold or other fungi, wet or dry rot, or bacteria. But this exclusion does not apply to the additional coverage for mold or other fungi, wet or dry rot, or bacteria.

This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

*Mold or other fungi* means:

- any type or form of mold or mildew;
- any other type or form of fungus; or
- any mycotoxin, spore, scent or byproduct that's produced or released by such mold, mildew, or other fungus.

*Bacteria* means:

- any type or form of bacterium; or
- any mycotoxin, spore, scent or byproduct that's produced or released by such bacterium.

3. The following additional coverage is added to your insuring agreement.

**Mold Or Other Fungi, Wet Or Dry Rot, Or Bacteria**

We'll pay up to \$25,000 per loss event for loss or damage caused by or resulting from mold or other fungi, wet or dry rot, or bacteria if such mold or other fungi, wet or dry rot, or bacteria is caused by or results from any of the following covered causes of loss:

- fire;
- lightning;
- explosion;
- wind or hail;

- smoke;
- vehicles and aircraft;
- civil disturbance and riot;
- vandalism;
- sprinkler leakage;
- sinkhole collapse;
- volcanic action;
- falling objects;
- weight of snow, ice or sleet; or
- water damage.

If your policy includes coverage for flood, sewer backup, earthquake, or earth movement it will also be considered a covered cause of loss for mold or other fungi, wet or dry rot, or bacteria.

This \$25,000 is the most we'll pay regardless of the number or type of coverages that may apply, the number of locations to which this additional coverage applies, or regardless of the number or type of mold or other fungi, wet or dry rot, or bacteria that caused the loss or damage. When this agreement and any other insuring agreement or endorsement written by us apply to the same mold or other fungi, wet or dry rot, or bacteria loss, \$25,000 is the most we'll pay on a combined total basis for all such loss. This amount is not in addition to the limits of coverage for any building, business personal property, flood, sewer backup, earthquake, or earth movement, or time element coverage shown in the Coverage Summary.

Time element coverage includes any of the following:

- blanket earnings and expense;
- business income and extra expense;
- extra expense;
- business income from dependent properties; or
- valued business income.

A higher additional limit may be purchased. If so, the revised limit for mold or other fungi, wet or dry rot, or bacteria will be shown in the Coverage Summary.

We won't pay for the costs associated with the enforcement of any ordinance, regulation, or law which requires you or anyone else to:

- test for, monitor, clean up, remove;
- contain, treat, detoxify, neutralize; or
- in any way respond to, or assess the effects of mold or other fungi, wet or dry rot, or bacteria.

4. The Seepage or leakage exclusion is replaced by the following.

**Seepage or leakage.** We won't cover loss caused by or resulting from water or steam that seeps or leaks, or the presence or condensation of humidity, moisture, or vapor, that occurs over a period of 14 days or more.

#### Other Terms

All other terms of your policy remain the same.

## **VIRUS OR BACTERIA EXCLUSION ENDORSEMENT**

This endorsement changes any property or inland marine insuring agreement that is a part of your policy.

### **How Coverage Is Changed**

There are two changes that are explained below.

1. The following is added to the Exclusions - Losses We Won't Cover section, or any similarly named Exclusions section, in any property or inland marine insuring agreement that is a part of your policy. This change excludes coverage.
2. The following is added to any property or inland marine insuring agreement that is a part of your policy.

**Virus or bacteria.** We won't pay for loss or damage caused by or resulting from any virus, bacterium, or other micro-organism that induces or is capable of inducing physical distress, illness, or disease.

This exclusion applies in addition to any pollution or contamination exclusion that applies and is in or made a part of this agreement.

However, this exclusion doesn't apply to loss or damage caused by or resulting from mold or other fungi, or wet or dry rot.

The term bacteria, and any bacteria definition, wherever used in any property or inland insuring agreement that is a part of your policy is deleted, except as used in the Virus or bacteria exclusion.

### **Other Terms**

All other terms of your policy remain the same.

**PROPERTY ENHANCEMENT AND ADDITIONAL BENEFITS ENDORSEMENT -  
EQUIPMENT RENTAL PROPERTY**

This endorsement changes your Property Protection.

**How Coverage Is Changed**

There are ten changes that are explained below.

1. The following is added to the Building Coverage section and deleted from the Property and Costs Covered Only If Described Section. This change broadens coverage.
  - Retaining walls that aren't part of a covered building;
  - Outdoor fences or signs, that aren't attached to a covered building or structure, except for the coverage provided in the outdoor property additional benefit;
  - Walks, roadways and other paved surfaces;
  - The cost of excavations, grading, backfilling, or filling; and
  - Foundations, including those for boilers, engines, and other machinery, that are below the basement floor, or below ground level if there is no basement;
2. The following is added to the Business Personal Property Coverage section and deleted from the Property and Costs Covered Only If Described Section. This change broadens coverage.
  - Personal property of others in your care, custody, or control;
3. The following replaces the Demolition And Increased Cost Of Construction additional benefit. This change broadens coverage.

**Demolition And Increased Cost Of Construction**

If a building or improvement that's covered for replacement cost under this agreement is damaged by a covered cause of loss, we'll pay:

- the costs necessary to demolish and clear the site of undamaged parts of such building or improvement; and
- the increased costs of construction

due to the enforcement of any

ordinance, regulation or law in force at the time of loss that:

- regulates the construction or repair of the damaged building or improvement;
- establishes zoning or land use requirements at a covered location; or
- requires the demolition of the undamaged parts of the building or improvement;

But we won't pay more than the demolition and increased cost of construction additional benefit limit shown in the Coverage Summary.

This additional benefit does not apply to any costs due to any ordinance, regulation or law with which you were required to comply before the loss, even when the building or improvement was undamaged, and with which you did not comply.

We won't pay the costs associated with the enforcement of any ordinance, regulation or law that requires you or anyone else to:

- test for, monitor, clean up;
- remove, contain, treat, detoxify, neutralize; or
- in any way respond to, or assess the effects of, pollutants.

4. The third paragraph in the Personal Belongings additional benefit is replaced with the following. This change increases the any one person limit of coverage.

The most we'll pay for loss of or damage to personal belongings owned by any one person is \$25,000. But we won't pay more than the additional benefit limit for personal belongings shown in the Coverage Summary.

5. The following are added to the Additional Benefits section. These changes broaden coverage.

**Off Premises Utility Failure**

We'll pay for direct physical loss of or damage to covered property caused by

the failure of a utility service supplied to a covered location.

The failure must result from direct physical loss or damage by a covered cause of loss to the utility service that's off of the covered location.

We'll consider a lack of sufficient capacity, a reduction in supply, or a fluctuation in supply to be a failure of utility service.

The most we'll pay under this additional benefit is \$25,000.

**Utility services** means water, communications, and power supply services.

**Water supply services** means

- pumping stations ;or
- water mains

that supply water to the covered location.

**Communications supply services** means property such as:

- communication transmission lines, including optic fiber transmission lines;
- coaxial cables; and
- microwave radio relays, except satellites

that supply communication services, including telephone, radio, microwave, or televised services to the covered location.

**Power supply services** means:

- utility generating plants;
- switching stations;
- substations;
- transformers; and
- transmission lines;

that supply electricity, steam, or gas to a covered location.

But we won't consider overhead transmission lines to be power supply services property.

The Utility failure exclusion in the Exclusions - Losses We Won't Cover section doesn't apply to this Off Premises Utility Failure additional benefit.

## **Employee Theft**

We'll pay for loss of or damage to money, securities, or other property resulting directly from theft by any of your employees, regardless of whether such employee is:

- identified; or
- acting alone or in collusion with others

and only if there is evidence such employee meant to cause you loss. Such evidence must show that the employee intended they or another person or organization would obtain an unearned financial benefit from the theft.

We won't consider salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment to be unearned financial benefit from a theft.

**Theft** means the unlawful taking of money, securities, or other property from you.

**Money** means:

- currency, coins, and bank notes in current use and having a face value; and
- travelers checks, register checks and money orders held for sale to the public.

**Securities** means negotiable and nonnegotiable instruments or contracts representing either money or other property and includes:

- tokens, tickets, revenue and other stamps in current use, whether represented by actual stamps or unused value in a meter;
- evidences of debt issued in connection with credit or charge cards not issued by you; and
- checks that aren't travelers or register checks.

Securities does not include money.

**Other property** means any tangible property of intrinsic value other than money and securities.

**Employee** means a leased worker, temporary worker, consultant, intern or any person:

- in your service, and for 30 days after termination of such service;

- whom you compensate by salary, wages or commissions; and
- whom you have the right to direct and control while performing services for you.

We'll consider any individual who is:

- a trustee, officer, employee, administrator, or manager of any employee benefit plan covered under this agreement; and
- your director or trustee;

to be an employee while that person is handling money, securities, or other property of a covered employee benefit plan.

But we won't consider an administrator or manager of any covered employee benefit plan who is an independent contractor to be an employee.

**Leased worker** means any person who:

- you hire from an employee leasing firm under a contract or agreement between you and such firm; and
- is performing duties related to the conduct of your business.

Leased worker does not include a temporary worker.

**Employee leasing firm** means any person or organization that hires out workers to others. It includes any:

- employment agency, contractor, or service;
- labor leasing firm; or
- temporary help service.

**Temporary worker** means a person you hire to:

- temporarily take the place of a permanent employee on leave; or
- meet seasonal or short-term workload conditions

and whom you have the right to direct and control while performing services for you.

But we won't consider any such person to be a leased worker while they have care and custody of property outside your building.

**Consultant** means any person, while such person is performing services for you, who:

- is no longer employed by you;

- was your employee, director, partner, member, manager, representative or trustee; and
- you've retained to provide professional advice to you.

**Intern** means any person who is a guest student, apprentice, or trainee pursuing studies or duties while under your direction and control. But we won't consider any such person to be an intern while having care and custody of property outside your building.

We won't consider any of the following to be an employee:

- Agent, broker, factor, commission merchant, consignee, independent contractor or other similar representative; or
- manager, director or trustee, except while performing acts or duties within the scope of the usual duties of an employee.

**Manager** means any person serving in a directorial capacity of a limited liability company.

**Employee benefit plans.** If any employee benefit plan is listed in the Coverage Summary, we'll cover such employee benefit plan against loss of or damage to money, securities, or other property resulting directly from fraudulent or dishonest acts committed by an employee, whether such employee is:

- identified; or
- acting alone or in collusion with others.

**Employee benefit plan** means a welfare or pension benefit plan that is subject to the Employee Retirement Income Security Act of 1974 (ERISA), or any of its amendments.

**More than one plan.** More than one employee benefit plan may be covered under this agreement. If two or more employee benefit plans are covered by this agreement, payment by us for loss:

- sustained by two or more of such employee benefit plans; or
- of money, securities, or other property commingled between two or more of such employee benefit plans

arising from one crime loss will be shared between the employee benefit plans that sustained such loss on a proportionate basis. We'll calculate the proportion for each such employee



benefit plan's payment under this agreement by comparing the limit of coverage that employee benefit plan is required to carry by ERISA regulation to the total of such required limits required by ERISA of all such employee benefit plans.

**Required limits.** An employee benefit plan may be jointly covered under this agreement with another organization. If so, you or the plan administrator must maintain a limit of coverage for each such plan that is at least equal to the limit that would be required if such plan were covered separately.

**Payment.** We'll pay the first named insured for covered losses sustained by any employee benefit plan. If the first named insured is not an employee benefit plan, that insured will hold such loss payment for the use and benefit of the employee benefit plan that sustained the covered loss.

The most we'll pay under this additional benefit in any one theft is \$25,000.

We'll consider an act or series of related acts that result in a covered loss of money, securities or other property to be one loss event, regardless of how many people committed such act or series of related acts.

No deductible applies to covered losses sustained by any employee benefit plan.

The Dishonest or criminal acts exclusion in the Exclusions - Losses We Won't Cover section doesn't apply to this Employee Theft additional benefit.

#### **Forgery Or Alteration**

We'll pay for loss resulting directly from forgery or alteration of any check, draft, promissory note, or similar written promise, order, or direction to pay a specific amount of money that is:

- made or drawn by you;
- drawn upon you;
- made or drawn by someone acting as your agent; or
- claimed to have been so made or drawn.

**Forgery** means signing the name of another person or organization with intent to deceive. Forgery doesn't include signing one's own name, with or without authority, in any capacity, for any purpose.

The most we'll pay under this additional benefit is \$25,000 for all loss caused by any person in which that person is involved regardless of whether such loss involves one or more instruments.

**Legal expenses.** You may refuse to pay a check, draft, promissory note, or similar written promise, order, or direction to pay a specific amount of money because you believe it may have been forged or altered. If you refuse payment on such written device, and you are sued for such refusal, we'll pay for reasonable legal expenses to defend that suit if we've given our prior written consent to the defense of such suit. The amount we'll pay for such legal defense expenses will be in addition to the limit of coverage for forgery and alteration.

The Indirect loss exclusion in the Exclusions - Losses We Won't Cover section doesn't apply to legal expenses coverage provided under this Forgery or Alteration additional benefit.

#### **Computer Fraud**

We'll pay for loss of or damage to money, securities, and other property that results directly from computer fraud.

The most we'll pay under this additional benefit is \$25,000.

We'll consider an act or series of related acts that result in a covered loss of money or securities to be one loss event, regardless of how many people committed such act or series of related acts.

**Computer fraud** means any person using a computer to fraudulently transfer money, securities or other property from inside your building or a bank to:

- a person, other than a messenger, outside your building or a bank; or
- a place outside your building or a bank.

#### **Funds Transfer Fraud**

We'll pay for loss of money and securities resulting directly from a fraudulent instruction that directs a financial institution to transfer, pay, or deliver money and securities from your transfer account.

The most we'll pay for loss or damage under this additional benefit is \$25,000.

We'll consider an act or series of related acts that result in a covered loss of money or securities to be one loss event, regardless of how many people committed such act or series of related acts.

***Fraudulent instruction*** means:

- an electronic instruction that claims to have been transmitted by you, but was fraudulently transmitted by someone else without your knowledge or consent;
- a written instruction, other than those described in the Forgery Or Alteration coverage section, that was issued by you and forged or altered by someone else without your knowledge or consent;
- a written instruction that claims to have been issued by you, but was fraudulently issued without your knowledge or consent; or
- an electronic or written instruction that you received and that claims to have been transmitted by an employee, but was fraudulently transmitted by someone else without your or the employee's knowledge or consent.

***Electronic instruction*** includes any telegraphic, cable, teletype, telefacsimile, or telephone instruction.

***Transfer account*** means an account maintained by you at a financial institution from which you can initiate the transfer, payment, or delivery of money and securities by means of:

- electronic instruction communicated directly through an electronic funds transfer system; or
- written instructions, other than those described in the Forgery Or Alteration coverage section, establishing the conditions under which such transfers are to be initiated by such financial institution through an electronic funds transfer system.

**Money Orders And Counterfeit Paper Currency**

We'll pay for your loss that results from your good faith acceptance of:

- money orders issued by any post office, express company, or bank that are not paid upon presentation; or
- counterfeit U.S. or Canadian paper currency that you acquire during the regular course of business

in exchange for merchandise, money or services.

The most we'll pay under this additional benefit is \$25,000.

We'll consider an act or series of related acts that result in a covered loss under this additional benefit to be one loss event, regardless of how many people committed such act or series of related acts.

***Counterfeit*** means an imitation of an actual valid original that is intended to deceive and be taken as the original.

6. The following replaces the Temporary Location additional benefit. This change broadens coverage.

**Temporary Location**

We'll pay for direct physical loss of or damage to covered property by a covered cause of loss while such property is:

- temporarily away from a covered location;
- in the coverage territory; and
- not in due course of transit.

But we won't pay more than the additional benefit limit for temporary location shown in the Coverage Summary.

Coverage will continue for up to 120 days after the covered property arrives at the temporary location.

This additional benefit doesn't apply to:

- newly acquired property; or
- property in or on any vehicle.

7. The following is added to the Additional Coverage section of the Business Income and Extra Expense endorsement, if such an endorsement is part of your insuring agreement. This change broadens coverage.

**Dependent Property**

If you've purchased business income and extra expense, we'll pay your actual loss of business income that results from the necessary suspension of your operations caused by direct physical loss of or damage to any dependent property.

The loss or damage must be caused by or result from a covered cause of loss.



The most we'll pay under this additional benefit is \$100,000 in any one event.

**Dependent property** means a business you don't own or operate but depend on to:

- provide goods or services that you need for your operations;
- purchase your goods or services;
- accept your goods or services;
- manufacture your products for delivery to your customers under contract of sale; or
- attract customers to the location of your business.

8. The following are added to the Where We'll Cover section. These changes broaden coverage.

**Where We'll Cover – Employee Theft.** We'll also cover acts committed by employees while they are outside the coverage territory up to 90 days. For example, a three week business trip to Europe.

This change applies only to the Employee Theft additional benefit.

**Where We'll Cover – Computer Fraud and Forgery Or Alteration.** We'll also cover loss you sustain anywhere in the world.

This change applies only to the Computer Fraud and Forgery Or Alteration additional benefits.

9. The following exclusions are added to the Exclusions - Losses We Won't Cover section. These changes exclude coverage.

**Computer fraud.** We won't cover loss resulting from the use of a computer to fraudulently cause a transfer of money, securities, or other property.

This exclusion applies only to the Funds Transfer Fraud additional benefit.

**Employee cancelled under prior insurance.** We won't cover loss caused by any employee of yours or your predecessor in interest for whom similar prior insurance was cancelled and has not been reinstated since the last such cancellation.

This exclusion applies only to the Employee Theft additional benefit.

**Exchange.** We won't cover loss that results from giving or surrendering property in any exchange or purchase.

This exclusion applies only to the Computer Fraud additional benefit.

**Funds transfer fraud.** We won't cover loss resulting from a fraudulent instruction directing a financial institution to transfer, pay, or deliver money or securities from your transfer account.

This exclusion applies only to the Computer Fraud additional benefit.

**Inventory shortages.** We won't cover loss, or that part of any loss, for which you must rely on:

- an inventory computation; or
- a profit and loss computation

to prove its existence or amount.

However, once you establish that you have sustained a loss without reliance on such computations, we'll consider your inventory records and actual physical count of inventory in support of the amount of your loss.

For example:

*You suspect an employee of stealing your merchandise but do not have proof. After completing an inventory of your store you discover an inventory shortage of \$10,000. However, inventory shortages can happen for reasons other than employee's theft such as shoplifting, mismarking, or poor recordkeeping. Because of this we won't cover the loss when the proof of loss is based on inventory or profit and loss computation.*

*However, if the employee admitted to stealing \$5,000 worth of merchandise, we'll pay the portion of that loss that's over your deductible and within the limits of your coverage.*

This exclusion applies only to the Employee Theft additional benefit.

**Trading.** We won't cover loss that results directly or indirectly from trading, regardless of whether such trading is done in your name or in a genuine or fictitious account.

**This exclusion applies only to the Employee Theft additional benefit.**

**Warehouse receipts.** We won't cover loss resulting from fraudulent or dishonest signing, issuing, cancelling, or failing to cancel, a warehouse receipt or any papers connected with it.

**This exclusion applies only to the Employee Theft additional benefit.**

10. The following additional rules are added to the Other Rules For This Agreement section and apply only to the Forgery Or Alteration additional benefit.

**Electronic and mechanical signatures.** We'll treat signatures that are produced or reproduced electronically, mechanically or by other similar means the same as handwritten signatures.

**Records required for Forgery Or Alteration coverage.** You must keep all checks, drafts, promissory notes, or other similar written promises, orders, or directions, and records of such items that are involved in or related to a loss for which you seek coverage. If this isn't possible, we'll need your affidavit setting forth the amount and cause of loss.

#### **Other Terms**

All other terms of your policy remain the same.

**PROPERTY PROTECTION DEDUCTIBLE AND UNINTENTIONAL ERRORS  
AND OMISSIONS CHANGE ENDORSEMENT**

This endorsement changes your Property Protection.

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**How Coverage Is Changed**

There are two changes that are explained below.

1. The following replaces the Deductible section. This change broadens coverage.

**Deductible**

All deductibles are shown in the Coverage Summary and apply to all covered losses, unless otherwise specified elsewhere in this agreement. You'll be responsible for any applicable deductible amounts in each loss event.

If the amount of otherwise covered loss or damage is less than or equal to your applicable deductible, we won't pay for the loss. If the amount of otherwise covered loss or damage exceeds your applicable deductible, we'll subtract your deductible from the amount of otherwise covered loss and pay the remaining amount, or the applicable limit of coverage, whichever is less.

If more than one coverage or additional coverage under this policy applies to any one loss, we'll pay the amount of covered loss over the highest deductible amount for any of those coverages up to the limits of applicable coverage.

2. The following replaces the Unintentional errors and omissions section in the Other Rules For This Agreement section. This change narrows coverage.

**Unintentional errors in description.** Any error you make in your description of the address of a covered location in any application, statement of values, or other similar listing of locations submitted to us won't affect your rights under this agreement, if such error is not made intentionally and you report it to us as soon as practicable after you discover it. We'll retain the right to collect any additional or retroactive premium that's applicable due to any such error.

**Other Terms**

All other terms of your policy remain the same.

POLICY NUMBER: ZPP-12N97811-16-47

COMMERCIAL INLAND MARINE

ISSUE DATE: 02/05/16

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **LOSS PAYABLE PROVISIONS**

This endorsement modifies insurance provided under the following:

**INLAND MARINE**

**Loss Payable – For Covered Property** in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

1. Adjust any losses with you; and
2. Pay any claim for loss or damage jointly to you and the loss payee, as interest may appear.

### **SCHEDULE**

**Form or  
Endorsement No.**

**Item No., if any or  
Description of Property**

BlueLine Rental, LLC  
2201 Timberloch Place, Suite 225;  
The Woodlands, TX 77380  
281-292-8060 Fax  
Re: Customer #34793

**Loss Payee  
(Name and Address)**

POLICY NUMBER: ZPP-12N97811-16-47

COMMERCIAL INLAND MARINE  
ISSUE DATE: 02/05/16

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **LOSS PAYABLE PROVISIONS**

This endorsement modifies insurance provided under the following:

**INLAND MARINE**

**Loss Payable – For Covered Property** in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

1. Adjust any losses with you; and
2. Pay any claim for loss or damage jointly to you and the loss payee, as interest may appear.

### **SCHEDULE**

**Form or  
Endorsement No.**

**Item No., if any or  
Description of Property**

De Lage Landen  
P.O. Box 5000 GEM  
Johnston, IA 50131  
610-386-5457 Fax  
RE: Contract #10010006826

**Loss Payee  
(Name and Address)**

POLICY NUMBER: ZPP-12N97811-16-47

COMMERCIAL INLAND MARINE

ISSUE DATE: 02/05/16

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2. Pay any claim for loss or damage jointly to you and the loss payee, as interest may appear.

### **SCHEDULE**

**Form or  
Endorsement No.**

**Item No., if any or  
Description of Property**

De Lage Landen Financial Services;  
1111 Old Eagle School Road  
Wayne, PA 19087-1453  
Excalibur Only  
Re: Contract #100-10009987 & 100-10006826

**Loss Payee  
(Name and Address)**

POLICY NUMBER: ZPP-12N97811-16-47

COMMERCIAL INLAND MARINE

ISSUE DATE: 02/05/16

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### SCHEDULE

Form or  
Endorsement No.

Item No., if any or  
Description of Property

Loss Payee  
(Name and Address)

De Lage Landen Financial Services;0006826  
1111 Old Eagle School Road  
Wayne, PA 19087-1453  
Excalibur Only

Re: (9)2012 JLG 10054 Legacy Telehandlers S/N 0160046827;  
0160046833; 0160046669; 0160046664; 0160046662; 0160046643; 0160046551;  
0160046548; 0160046537 Total Cost \$1,038,154.52 (21) New 2013 JLG 8042 Legacy  
Telehandlers (s.n. 0160049832; 0160049837; 0160049843; 0160049849; 0160049847;  
0160049853; 0160049835; 0160049856; 0160050208; 0160050171; 0160050278;  
0160050153; 0160050147; 0160050158; 0160050145; 0160050151; 0160050280;  
0160050279; 0160050168; 0160050166; 0160050282 Total Cost \$1,918,503.99  
(\$91,357.28 each) (6)New 2013 JLG 10054 Legacy Telehandlers S/N 0160049364,  
0160049367, 0160049420, 0160049422, 0160049346, 0160049320 Value \$116,416 per  
unit (3)New 2013 JLG 800S Boom Lifts S/N 0300165326, 0300163435, 0300165328  
Value \$129,239.20 per unit



POLICY NUMBER: ZPP-12N97811-16-47

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1. Adjust any losses with you; and
2. Pay any claim for loss or damage jointly to you and the loss payee, as interest may appear.

### **SCHEDULE**

**Form or  
Endorsement No.**

**Item No., if any or  
Description of Property**

H & E Equipment Services, Inc.;  
18144 Imperial Valley Drive GEM  
Houston, TX 77060-6246  
Re: Customer #1041483

**Loss Payee  
(Name and Address)**

POLICY NUMBER: ZPP-12N97811-16-47

COMMERCIAL INLAND MARINE  
ISSUE DATE: 02/05/16

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### **SCHEDULE**

**Form or  
Endorsement No.**

**Item No., if any or  
Description of Property**

Hertz Equipment Rental Corporation  
PO Box 26360 GAE  
Oklahoma City, OK 73126-0360  
RE: Rented/Leased Equipment for Customer #2841915

**Loss Payee  
(Name and Address)**

POLICY NUMBER: ZPP-12N97811-16-47

COMMERCIAL INLAND MARINE

ISSUE DATE: 02/05/16

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### **SCHEDULE**

**Form or  
Endorsement No.**

**Item No., if any or  
Description of Property**

Prosperity Bank  
1205 N Navarro EQM  
Victoria, TX 77901  
Re: Loan #0001059386 2007 Ledwell Hydratail VIN  
1L9GA72A87L033003

**Loss Payee  
(Name and Address)**

POLICY NUMBER: ZPP-12N97811-16-47

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2. Pay any claim for loss or damage jointly to you and the loss payee, as interest may appear.

### **SCHEDULE**

**Form or  
Endorsement No.**

**Item No., if any or  
Description of Property**

Susquehanna Commercial Finance, Inc. ISAOA;  
2 Country View Road, Suite 300; GEM  
Malvern, PA 19355  
305-506-0141 Fax  
Excalibur Only  
RE: Contract #41275002 - Various

**Loss Payee  
(Name and Address)**

POLICY NUMBER: ZPP-12N97811-16-47

COMMERCIAL INLAND MARINE  
ISSUE DATE: 02/05/16

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### **SCHEDULE**

**Form or  
Endorsement No.**

**Item No., if any or  
Description of Property**

Susquehanna Commercial Finance, Inc.;  
2 Country View Road, Suite 300; GEM  
Malvern, PA 19355  
Excalibur Only  
RE: Contract #111650 - (3) 2013 JLG 8042 Telehandlers Contract #116650 -  
(3) 2013 JLG 8042 Telehandlers

**Loss Payee  
(Name and Address)**

POLICY NUMBER: ZPP-12N97811-16-47

COMMERCIAL INLAND MARINE

ISSUE DATE: 02/05/16

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### **SCHEDULE**

**Form or  
Endorsement No.**

**Item No., if any or  
Description of Property**

Terex Financial Services, Inc. ISA0A;  
200 Nyala Farm Road WCO, GAE  
Westport, CT 06880  
Re: Master Agreement #3004310

**Loss Payee  
(Name and Address)**



POLICY NUMBER: ZPP-12N97811-16-47

COMMERCIAL INLAND MARINE

ISSUE DATE: 02/05/16

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### **SCHEDULE**

**Form or  
Endorsement No.**

**Item No., if any or  
Description of Property**

**Loss Payee  
(Name and Address)**

Trico Lift  
2482 S. Foster Rd. GEM  
San Antonio, TX 78220  
Re: Genie 60' Boom Lift S60 S/N S6008-20192, Value \$93,750

POLICY NUMBER: ZPP-12N97811-16-47

COMMERCIAL INLAND MARINE

ISSUE DATE: 02/05/16

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1. Adjust any losses with you; and
2. Pay any claim for loss or damage jointly to you and the loss payee, as interest may appear.

### **SCHEDULE**

**Form or  
Endorsement No.**

**Item No., if any or  
Description of Property**

Victoria Oliver Co., Inc.  
2303 N Main St. GEM  
Victoria, TX 77901  
RE: Account #EXCAL001

**Loss Payee  
(Name and Address)**

POLICY NUMBER: ZPP-12N97811-16-47

COMMERCIAL INLAND MARINE

ISSUE DATE: 02/05/16

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1. Adjust any losses with you; and
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### **SCHEDULE**

**Form or  
Endorsement No.**

**Item No., if any or  
Description of Property**

Wells Fargo Bank NA  
300 Tri-State International, Suite 400; GEM  
Lincolnshire, IL 60069  
EXCALIBUR ONLY  
RE: Customer #26045338

**Loss Payee  
(Name and Address)**

**SMALL COMPUTER COVERAGE SUMMARY**

This Coverage Summary shows the limits and extent of your Small Computer Protection.

**Computer Equipment At Fixed Locations****Limit Of Coverage**

Location 001: 16108 NW ZAC LENTZ PKWY., VICTORIA, TX 77905

\$10,000

Location :

\$

Location :

\$

**Additional Benefits - Increased Limits**
☐

INCREASED TO

\$

☐

INCREASED TO

\$

☐

INCREASED TO

\$

**Deductible**

\$250.00

**Special Breakdown Deductible**

\$1,000.00

**Who We'll Pay For Loss**

We'll adjust any loss with you. Our payment will be made to you and:

**Name of Insured**

**Policy Number** ZPP-12N97811-16-47

**Effective Date** 01/12/16

EXCALIBUR RENTALS, INC. AND ELITE

**Processing Date** 02/05/16 11:41 001

42471 Ed. 11-89

Coverage Summary

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Page 1 of 1

**SMALL COMPUTER PROTECTION**

We've designed this agreement to protect your computer equipment, data and media against direct physical loss or damage.

**Table of Contents****What This Agreement Covers****Limits Of Coverage****Where You're Covered****Additional Benefits****Breakdown Coverage****Exclusions - Losses We Won't Cover****Rules For Loss Adjustment**

1. How Your Property Is Valued  
What We'll Pay For Data, Media and Extra Expense Losses
2. Deductible.
3. Other Insurance  
Insurance For Your Benefit

**Page**

But it doesn't include data, media or programs.

1

Whenever we refer to equipment or programs, we mean computer equipment and computer programs.

1

1

**Limits Of Coverage**

1

2

The Coverage Summary will show a Limit of Coverage for each covered location. This is the most we'll pay for all loss or damage in any one event.

3

4

4

**Where You're Covered**

4

5

5

Your equipment is covered for direct physical loss while at locations listed in the Coverage Summary. Your property is covered for direct physical loss while temporarily within the premises of others, but not in storage at locations in the United States of America, Puerto Rico or Canada.

**What This Agreement Covers**

We'll protect your computer equipment against risks of direct physical loss except those excluded in the Exclusions - Losses Not Covered section. When we use the word "loss" in this agreement we also mean damage.

**Computer equipment.** We'll cover direct physical loss to computer equipment you own, lease or rent from others, or are legally responsible for.

But we won't cover computer equipment you rent or lease to others while it's away from your location.

**Computer equipment** means a network of machine components capable of accepting information, processing it according to a plan and producing the desired results. It includes air conditioning, fire protection equipment and electrical equipment used exclusively in your computer operations.

**Additional Benefits**

All of the following benefits are in addition to the limits of coverage shown in the Coverage Summary.

**Data, media, programs and extra expense.** We'll cover in any combination, the following items for an amount up to 20% of your highest equipment location limit shown in the Coverage Summary:

- data, media and computer programs;
- program support documentation; or
- extra expense.

Regardless of your highest equipment location limit, the minimum additional benefit limit is \$10,000 and the maximum additional benefit limit is \$100,000 in any one loss. When your property is at a temporary location or in transit, it's subject to the transit and temporary location limit.

**Data, media and computer programs.** We'll cover direct physical loss or damage to data, media and computer programs you own or are legally responsible for including duplicates at a backup location.

**Data** means facts, concepts, or instructions in a form usable for communications, interpretation or processing by automatic means. It includes computer programs.

**Media** means materials on which data is recorded, such as magnetic tapes, floppy disks, or hard disks.

**Programs** mean data that is either purchased or written on a custom basis, which is regularly used with the small computer system.

**Program support documentation.** We'll pay for research or other expenses to reproduce, replace or restore flow charts, record formats, narrative descriptions or other records required to support programs used in the small computer system. These records must sustain direct physical loss by a covered cause of loss at a covered location.

**Extra expense.** We'll pay to help you maintain normal business operations following direct physical loss of insured property by a covered cause of loss. We'll pay extra expenses that are over and above your normal operation costs and that are directly related to your loss.

We'll cover you from the date of the direct physical loss for as long as it should reasonably take to rebuild, repair or replace your damaged property regardless of when this agreement ends.

**Newly acquired equipment.** We'll cover your newly acquired equipment up to \$50,000 for direct physical loss at any location described on the Coverage Summary.

You agree to report your new equipment to us within 60 days or this coverage will end at that time. You agree to pay an additional premium for this equipment from the time you acquire it.

**New location coverage.** If equipment we already cover is moved to a new location you occupy, we'll automatically cover these items at your new location up to \$50,000 for direct physical loss at any one location.

You agree to report to us the moving of covered equipment to a new location within 60 days or your coverage for the equipment will end at that time. Your premium may be adjusted if the rate at the new location is different from the old.

**Property in transit.** We'll pay up to \$50,000 for direct physical loss to your covered computer equipment, data, media, computer programs and program support documentation while in transit within the continental United States, Puerto Rico or Canada or between any of these places.

**Temporary location.** We'll cover your computer equipment, data, media, computer programs and program support documentation up to \$50,000 for direct physical loss while temporarily within the premises of others for purposes other than storage.

This coverage extension is provided for a maximum of 60 days while at any temporary location.

**Removal coverage.** We'll cover your computer equipment, data, media, computer programs and program support documentation for direct physical loss while they're away from a covered location at a safe place because of imminent danger of loss. And we'll cover those items for direct physical loss while they're being moved to and from that safe place. The separate transit limit doesn't apply. But you must tell us within 10 days after you move them for this coverage to apply.

**Debris removal.** We'll pay the cost of removing debris of covered equipment, data and media that's destroyed or damaged by a direct physical loss covered under this agreement.

#### **Breakdown Coverage**

We'll cover the following kinds of direct physical loss, subject to a special breakdown deductible shown in the Coverage Summary, to covered computer equipment, data, media and programs inside your building and to covered air conditioning equipment inside your building and within 1,000 feet of it for:

- mechanical breakdown or machinery breakdown;



- short circuit, blow-out, or other electrical damage to electrical equipment, apparatus, or devices, including wiring.

But we won't cover loss caused by any change in your electric power supply, such as interruption, power surge, or brown out, if the change originates more than 1,000 feet from the building containing your computer equipment.

**Air conditioning.** We'll cover any direct physical loss to your computer equipment caused by corrosion, rust, or changes in humidity or temperature if your air conditioning system that exclusively services your computer equipment is damaged by a covered cause of loss.

**Processing.** We'll cover direct physical loss to your computer equipment, data, media or programs that results during processing operations or while the equipment is being worked on or serviced. The loss or damage must result from this processing, work or service. It includes direct physical loss from magnetic injury, disturbance or erasure of electronic recordings.

**Errors in design.** We'll cover direct physical loss to your computer equipment that results from errors in design or use of faulty materials in the development, manufacture or installation of that equipment. This coverage doesn't apply to data, media or programs.

#### **Exclusions - Losses We Won't Cover**

**Dishonesty.** We won't cover loss caused by any fraudulent, dishonest or criminal act committed by you or by a partner, director, officer, trustee, agent or employee of yours. Nor will we cover dishonest acts of anyone entrusted with covered property. But this exclusion won't apply to acts of destruction by an employee of yours other than theft.

**Wear - tear - deterioration.** We won't cover loss caused or made worse by:

- wear and tear, marring and scratching.
- deterioration, mold, wet or dry rot.
- contamination.
- changes in humidity or temperature, rust or corrosion, except as provided under Breakdown Coverage.
- the inherent nature of the property.

**Inherent nature** means latent defect or any quality in the property that causes it to deteriorate or destroy itself.

If a loss that would otherwise be covered results from one of these causes, we'll pay for direct physical loss that results.

**War and government seizure.** We won't cover loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss:

- war (declared or undeclared);
- warlike action by a military force, including anything done to hinder or defend against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents;
- invasion or insurrection;
- rebellion, revolution or civil war;
- seizure of power; or
- anything done to hinder or defend against these actions.

We won't cover seizure or destruction of your property under quarantine of custom's regulations, or confiscation by any government or public authority. Nor will we cover illegal transportation or trade.

But we will cover acts of destruction that are ordered by a government authority at the time of a fire to prevent it's spreading.

**Nuclear activity.** We won't cover loss caused directly or indirectly by nuclear reaction, nuclear radiation, or radioactive contamination. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. But if direct physical loss or damage by fire results, we'll pay for that resulting loss or damage, if it would otherwise be covered under this agreement.

**Processing.** We won't cover any extra expense loss caused by processing operations, or that occurs while covered property is being worked on, unless fire or explosion results. We'll only cover the direct physical loss or damage caused by the resulting fire or explosion.

**Delay - loss of market.** We won't cover loss caused by delay, loss of market, loss of use, or any indirect loss.

**Programming errors.** We won't cover any extra expense loss caused by programming errors or incorrectly instructing the machine.

**Ordinances, regulations or laws.** We won't cover loss caused directly or indirectly by the enforcement of any ordinance, regulation or law governing:

- the use, construction, repair or demolition of any property;
- the prevention, control, clean up or restoration of pollution damage; or
- the presence of hazardous substances.

This includes removal of debris. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. But this exclusion won't apply to property destroyed by a civil authority in order to stop the actual spread of fire. For example, to establish a fire break.

**Strike.** We won't cover any extra expense loss caused by strikers or anyone else at the site of your damaged business who interferes with your efforts to fix the damage or resume your normal business

**Disappearance – inventory loss.** We won't cover loss of property that just disappears or that you find missing when you take inventory.

### **Rules For Loss Adjustment**

When a loss occurs, we'll consider the following factors in determining what we'll pay:

1. How Your Property is Valued.
2. Deductible.
3. Other Insurance.

We may take over any of the damaged or destroyed property at its agreed or appraised value. We can choose to repair, rebuild or replace the property ourselves provided we give you notice within 30 days after we get your proof of loss. You agree that you won't merely abandon this property to us.

### **1. How Your Property Is Valued**

We'll cover the cost of repairing or replacing the damaged computer equipment without deduction for depreciation. But we won't pay more than the smallest of the following:

- the limit of coverage that applies to the property.
- the amount you actually spend in repairing the damage, or the amount it would cost to replace the damaged property at the time of the loss with new property of equal performance, capacity or function.
- if replacement with new property of equal performance, capacity or function is not possible, its replacement by property having the nearest higher performance, capacity or function to the property lost, destroyed or damaged.

We won't pay on a replacement cost basis until property has actually been replaced.

### **What We'll Pay For Data, Media and Extra Expense Losses**

**Data and media.** We'll pay the actual cost of reproducing the data provided you actually replace or reproduce it. This includes the additional expense to reproduce data under adverse circumstances if it's necessary to continue your normal computer operations. We'll pay the actual cost of either repairing or replacing the media with material of similar kind and quality.

But we won't cover data which can't be replaced due to the lack of backup support, documentation, source code or records.

**Normal computer operations** means the operations that would have existed if no damage had occurred.

**Extra expenses.** We'll pay for any operating expenses over and above what it would normally cost to conduct your computer operations at each covered location when the following conditions are met:

- The expenses are necessary to continue your normal computer operations.
- The expenses result from direct physical loss to any of the following:
  - your computer equipment, data or media; or
  - the building housing your computer operations or other property in the

building, if the damage prevents you from using your computer facilities; or

- the air conditioning or electrical systems needed to operate your computer equipment. The damage must occur in your building or within 1,000 feet of it
- The damage occurs while this agreement is in effect, at a location shown in the Coverage Summary.

## **2. Deductible.**

Your deductible is shown in the Coverage Summary. You'll first pay up to this amount for all losses caused by any one event covered under this agreement except for Breakdown Coverage. We'll pay anything over this amount up to the applicable limits of your coverage.

**Special breakdown deductible.** Your breakdown deductible is shown in the Coverage Summary. You'll first pay up to this amount for all breakdown losses caused by any one event covered under this agreement. It doesn't apply to any loss caused by fire, lightning or explosion.

## **3. Other Insurance**

Other insurance may be available to cover your loss. If so, we'll pay the amount of your covered loss that's left after the other insurance has been used up. But we won't pay more than the applicable limit of coverage under this agreement.

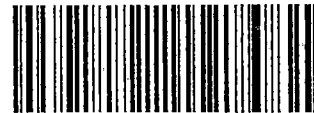
**Two or more agreements in this policy.** If two or more agreements in this policy apply to the same loss, we won't pay more than the actual amount of the loss. You can't recover twice for the same loss.

### **Insurance For Your Benefit**

This insurance is for your benefit. No third party having temporary possession of your property, such as a transportation company, can benefit directly or indirectly from it.

**Preserving your rights.** You must do all you can to preserve any rights you have to recover your loss from others. If you do anything to impair these rights, we won't pay for your loss. However, before a loss occurs, you can give others a written release from any responsibility for losses to property. You can also accept ordinary bills of lading from a shipper, even if they limit the carrier's liability for losses.

**CERTIFIED MAIL**



7016 0910 0002 3730 1163



1006



78701

U.S. POSTAGE PAID  
PM 2-Day  
VICTORIA, TX  
77901  
FEB 20, 20  
AMOUNT

**\$14.25**

R2304P116691-20

Marcus Garrett  
2603 College Drive  
Victoria, TX 77901

**RETURN RECEIPT  
REQUESTED**

St. Paul Fire and Marine Insurance Company  
c/o Corporation Service Company  
211 East 7<sup>th</sup> Street, Suite 620  
Austin, Texas 78701-3218



**PRIORITY<sup>®</sup>  
MAIL**

UNITED STATES POSTAL SERVICE

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Label 107, January 2008

**CAUSE NO. 20-02-85498-B**

<b>EXCALIBUR RENTALS, INC. AS</b>	<b>§</b>	<b>IN THE DISTRICT COURT OF</b>
<b>SUCCESSOR BY MERGER TO</b>	<b>§</b>	
<b>EXCALIBUR RENTALS, INC. AND</b>	<b>§</b>	
<b>ELITE TOILET RENTALS, INC.</b>	<b>§</b>	
	<b>§</b>	
<b>V.</b>	<b>§</b>	<b>VICTORIA COUNTY, TEXAS</b>
	<b>§</b>	
<b>ST. PAUL FIRE AND MARINE</b>	<b>§</b>	
<b>INSURANCE COMPANY</b>	<b>§</b>	<b>135TH JUDICIAL DISTRICT</b>

**DEFENDANTS' ORIGINAL ANSWER**

TO THE HONORABLE JUDGE OF SAID COURT:

COME NOW, St. Paul Fire and Marine Insurance Company, the defendant in the above entitled and numbered cause, and file this its original answer to the plaintiffs' original petition on file herein, and in support thereof would respectfully show the Court as follows:

**I.**

The defendant hereby generally denies the allegations contained in the plaintiffs' petition on file herein pursuant to Rule 92 of the Texas Rules of Civil Procedure, and thus asserts its privilege of insisting that such allegations be proven by a preponderance of credible evidence.

**II.**

Pursuant to Rule 193.7 of the Texas Rules of Civil Procedure, the defendant notifies all parties to this lawsuit of the defendant's intent to introduce as evidence at any pretrial proceeding or at trial any document produced by any party in discovery in this lawsuit.

III.

The defendant specifically reserves the right to amend its answer to plead any affirmative defenses or other matters that must be specially pled and to assert any counterclaims or third-party claims it may have after discovery in this case is complete.

WHEREFORE, PREMISES CONSIDERED, the defendant, St. Paul Fire and Marine Insurance Company, moves and prays the Court that upon trial hereof, the plaintiffs recover nothing, and that the defendant go hence with its costs, and for such other and further relief, both general and special, legal and equitable, to which defendant may show itself justly entitled to receive.

Respectfully submitted,

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ATTORNEYS FOR DEFENDANT,  
ST. PAUL FIRE AND MARINE  
INSURANCE COMPANY

**CERTIFICATE OF SERVICE**

I do hereby certify that on the 16th day of March, 2020, I electronically filed the foregoing with the Victoria County District Clerk via eFile Texas which will send notification of such filing to each counsel of record.

/s/ Greg C. Wilkins  
Greg C. Wilkins